Austria ... Sch 20	Indonesia ... Rp 2500	Portugal ... Esc 90
Bahrain ... Din 0.650	Italy ... L 1500	S. Arabia ... Rls 6.00
Belgium ... BFr 45	Japan ... Y550	Singapore ... S$ 4.10
Canada ... C$1.00	Jordan ... Fils 500	Spain ... Pta 125
Cyprus ... C£0.70	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark ... Dkr 8.00	Lebanon ... L£ 8.00	Sweden ... Skr 7.00
Egypt ... E£1.00	Luxembourg ... LFr 45	Switzerland ... SFr 2.20
Finland ... Fmk 6.50	Malaysia ... Rm 4.25	Taiwan ... NT $35
France ... FFr 6.00	Mexico ... Pes 300	Tunisia ... Din 0.600
Germany ... DM 2.20	Morocco ... Dh 6.00	Turkey ... L 750
Greece ... Dr 90	Netherlands ... Fl 2.75	U.A.E. ... Dh 6.50
Hong Kong ... HK$ 12	Norway ... Nkr 7.00	U.S.A. ... $1.00
India ... Rup 15	Philippines ... Pes 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,919 Friday May 2 1986 D 8523 B

Austria: old wounds open during run-up poll, Page 2

World news

UK prison officers return to work

Britain's prison officers resumed normal duties after a night of rioting and arson by inmates in the country's already overcrowded prisons and custody centres destroyed accommodation equivalent to two large jails.

The officers' union suspended its overtime ban after it had been in effect less than 24 hours. The officers are in dispute with Britain's Home Office over plans to change their staffing arrangements in a way that would reduce overtime working and pay for many of them.

Mr Douglas Hurd, Home Secretary, sought to pave the way for the resumption of negotiations with the Prison Officers' Association with a conciliatory statement inviting the union executive to talks "with a view to the simultaneous calling off of industrial action and the institution of discussions about the agenda for the future." Page 22

Thai elections

Thailand's King Bhumibol Adulyadej dissolved parliament and called for fresh elections on July 27 after the coalition government of Prime Minister Prem Tinsulanonda lost a key vote on economic policy. Earlier report, Page 3

Karmal returns

Afghanistan President Babrak Karmal returned to Kabul, ending rumours that he was ill or out of favour. Officials said he had had medical treatment in Moscow.

Bangladesh ban

Bangladesh Government moved to stifle protests against planned parliamentary elections next week, banning anti-poll activity and detaining Begum Khaleda Zia, a key opposition leader, and 12 other politicians.

May Day mayhem

A row over May Day led to first fights and uproar in Turkey's Parliament, resulting in the session's suspension.

Polish tension

Riot police were out in force in sensitive areas of Warsaw, Gdansk and Krakow to prevent demonstrations of support for the banned trade union Solidarity as Communist Party leader Wojciech Jaruzelski led the country's official May Day celebrations.

Austrians to vote

Austrians vote for a new President on Sunday after a bitterly fought campaign overshadowed by allegations regarding conservative candidate, Kurt Waldheim's wartime past. Election issues, Page 2

Egyptian arrests

Egypt's state prosecutors placed Omar Abdel-Rahman, a blind theologian, and 55 Moslem fundamentalists under indefinite arrest on charges of inciting anti-government unrest after clashes with police.

Airliner attacked

Armed robbers attacked an airliner taxiing for takeoff at Lagos airport on Tuesday, the third such incident in a week.

Salvador crash

A Salvadorean air force DC-6 transport aircraft crashed shortly after takeoff, killing all 37 passengers and crew aboard.

Duchess's will

The Duchess of Windsor, who died last week in Paris, left most of her fortune to the Pasteur Institute, a medical research centre based there, her lawyer said.

Border crossing

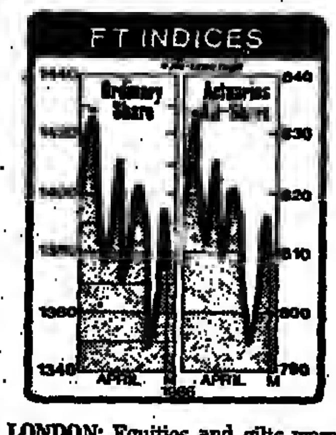
Pakistani and Chinese officials opened the highest border crossing in the world, the 15,072 ft Khunjerab Pass.

Business summary

Record issue at Cathay Pacific

CATHAY PACIFIC: HK$1.4bn ($181m) public offering of 15 per cent of the shares in the Hong Kong airline was oversubscribed by more than 32 times. Page 27

PEOPLE EXPRESS, the fast expanding cut-price US airline, became the latest in a string of US airlines to report higher first-quarter losses. Page 23



LONDON: Equities and gilts were soured by the overnight plunge on Wall Street and the FT Ordinary index dropped 20.9 to 1,374.0. The FT-SE 100 fell 20.4 to 1,640.1. Page 44

WALL STREET: By 3pm, the Dow Jones industrial average was down 1.99 at 1,781.99. Page 44

TOKYO: Blue chips and utilities bore the brunt of selling as the Nikkei average lost 42.85 to 15,782.65. Page 44

DOLLAR firmed in London to close at DM 2.2030 (DM 2.1640), Y169.60 (Y167.55), SFr 1.8435 (SFr 1.8110) and FFr 7.0175 (FFr 6.8925). On Bank of England figures, the dollar's index rose from 113.3 to 114.5. Page 37

STERLING closed in London at $1.5295, down from $1.5510 on Wednesday. It was higher at DM 3.37 (DM 3.3575), SFr 2.82 (SFr 2.81), and FFr 10.7350 (FFr 10.69), but eased against to Y259.5 (Y259.75). Page 37

GOLD fell $% an ounce to $345% on the London bullion market. In New York, the Comex June settlement was $342.80. Page 36

NICKEL prices on the London Metal Exchange were boosted by strong producer buying. The three-month metal touched a high of £2,710 a tonne before falling back to close at £2,707.5, up £45 on the day. Page 36

CANADIAN banks cut their prime lending rates by ¾ percentage point to 10% per cent.

AUSTRALIA awarded two helicopter contracts worth A$500m ($370m) to Sikorsky of the US. Page 7

UK TAKEOVER Panel ruled that Robert Maxwell, British publisher, acted in concert with Demerger Corporation in its recent unsuccessful £170m ($260m) takeover bid for Extel, business and sporting information group.

EXPO '86 world fair opens in Vancouver, Canada, today amid hopes that it will be one of the most successful events of its kind in recent years. Page 7

FYFFES GROUP, UK fruit distributor and a wholly owned subsidiary of United Brands of the US, is being bought by FII, Irish importer and distributor of fresh fruit and vegetables, in a deal worth £26.5m ($41m). Page 29

VOLVO, the Swedish automotive, energy and food group, has confirmed its position as one of the world's most profitable car producers. Page 23

GREYHOUND, US transport, consumer products and financial services group which is restructuring its established bus business, suffered a fall in first-quarter net earnings from $19.1m to $10.3m. Page 23

The Financial Times will not be published on Monday because of a public holiday in the UK.

Soviets shut down all Chernobyl-type nuclear reactors

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION has shut down all its nuclear reactors of the type that exploded last Saturday, leading to fears of a power shortage in the Ukraine, diplomats in Moscow said yesterday.

Earlier, the Soviet Government had issued a statement saying that 18 out of 148 people in hospital as a result of the disaster at Chernobyl were in a serious condition. Two people were killed in the accident.

The Soviet Union has declined an offer of US help and was still not providing the information on the accident that Washington had repeatedly requested, Mr George Shultz, the US Secretary of State, said last night.

However, senior British, French, Austrian, Dutch and Finnish diplomats were yesterday briefed by senior Soviet officials, among them Mr Andronik Petrosyants, head of the state nuclear energy committee.

Radiation levels fell in Sweden, Poland and West Germany, but increased slightly in Yugoslavia and Romania as winds bore the fallout south. Soviet announcements that the radiation source at Chernobyl was extinguished were followed yesterday by disclaimers by US experts of their earlier estimate of damage to a second Chernobyl reactor.

Radioactivity at Chernobyl and the nearby village where its workforce used to live has dropped by a factor of 1.5–2, the Soviet announcement said. It did not say what was the previous level of radioactivity but added: "Work is under way to deactivate the contaminated areas adjacent to the power station."

The closure of all of the 20 RBMK-1000-type reactors throughout the Soviet Union is likely to have a serious effect on electric power supplies. They supply about half of the 12 per cent of Soviet electricity that comes from nuclear power, but the percentage is much higher in the industrialised and European parts of the country.

Power stations in the Ukraine, where there are eight nuclear power stations already built or under construction, also supply electricity to parts of Eastern Europe. Shortages may be less serious, however, because the beginning of summer means that less electricity is used for heating over the next seven months.

The Soviet Government statement yesterday said that no foreigners had been injured as a result of the Chernobyl accident. However, a party of British students evacuated from Kiev overnight had to change into track suits at Moscow airport before boarding a British Airways flight to London after a British Radiologist detected higher-than-normal levels of radioactivity in their clothes.

Over the past 36 hours, the Soviet Government has begun to make moves to reassure foreign embassies that the fire at the core of the reactor is out and their nationals are safe. The willingness of the Soviet authorities to allow the Canadian consul to fly to Kiev yesterday afternoon is seen as evidence by diplomats that the Soviet Union is now confident that it has the situation in the Ukraine under control.

In Moscow, Mr Mikhail Gorbachev, the Soviet leader, together with the rest of the Soviet Politburo, reviewed the traditional May Day parades during which tens of thousands of people marched through Red Square waving balloons, flowers and banners. Similar parades took place in all the Soviet Union's other big cities, including Kiev.

The start of the May Day festivities at the beginning of a four-day public holiday dominated all news coverage in the Soviet press, radio and television, although they also carried the official announcements about the situation at Chernobyl.

Last night's main nine o'clock news simply repeated the Council of Ministers' statement after an hour of other news.

There is little sign yet of Mr Gorbachev or the rest of the Soviet

Continued on Page 22
Soviet nuclear disaster, Page 2; Editorial comment, Page 20

Paris doubles privatisation sales target

BY DAVID HOUSEGO AND DAVID MARSH IN PARIS

THE FRENCH Government is aiming to raise up to FFr 40 bn ($5.8bn) next year through sales of its stakes in nationalised companies and banks.

That is significantly more than the annual privatisation rate of FFr 20bn to FFr 25bn indicated before the March elections.

The Government plans to adopt a prudent policy over floating state enterprises and officials emphasise that the rhythm of asset sales will be tailored to the state of the stock market.

The buoyancy of the Paris bourse – which has risen nearly 50 per cent this year and at the same time has absorbed a record volume of new share issues – appears, however, to have made feasible a heavier programme of share sales than earlier thought.

The Government is currently pushing through legislation enabling its sweeping denationalisation programme to begin in earnest next year, although one significant pilot operation is planned to be made before the end of 1986. The overall programme will be spread over the five-year legislative period to 1991.

In addition, FFr 8bn to FFr 10bn is planned to be raised this year through sales of minority holdings in the big state-owned insurance groups and in the Elf Aquitaine oil concern. The state is able to lower its stake in those companies to 75 per cent without any change in legislation.

The Government is also encouraging state-owned companies to continue to enlarge their capital structure and prepare the way for privatisation through issuing non-voting shares on the bourse.

Saint Gobain, the large pipes, glass and building materials group nationalised in 1982, is expected shortly to announce a landmark issue of about FFr 2bn in non-voting shares.

That offer of *certificats d'investissement* (CIs) will be the first by a state-owned industrial group not featuring preferential dividend rights.

The Government is instructing state enterprises only to issue non-preferential CIs in future. Those can be relatively easily converted into ordinary voting shares when privatisation is eventually carried out, whereas the conversion of preferential CIs might present difficulties.

Rhône Poulenc, the chemical company, Pechiney, the aluminium group, and the Paribas, Suez, Société Générale and CIC banking and financial groups have all issued CIs as a prelude to eventual denationalisation. Banque Nationale de Paris, the biggest French bank, is currently offering a FFr 3.88bn non-preferential CI issue on the Paris and international capital markets.

The Government wants to earmark revenues from privatisation to reduce state debt and to finance

Continued on Page 22

Japanese will defend summit to the last azalea

WELCOME to the Tokyo summit. You probably won't see much of it from your helicopters and motorcades and what you do glimpse will be manicured to the last inch, apart from a few enthusiastic banners saying things like "nice summit, good day," or "for beautiful human summit." So let me tell you what it is really like on the ground, for two who live here.

The first thing you must understand is that we have been living in an armed camp for the last month. This is perfectly understandable, because the very peculiar breed of Japanese radicals, who go by names you won't remember anyway but who do not seem to have Libyan connections, have threatened to create mayhem. If they do, it would bring shame and humiliation on the Japanese nation.

They said they would do the same for the Emperor's birthday last Tuesday and indeed did succeed in stopping a few bullet trains in Osaka, which is only 500 km away from

Jurek Martin in Tokyo offers a warm welcome to visiting statesmen

the sumo auditorium in Tokyo where Hirohito was *en fête*. Their home-made rockets used to go no farther than you or I could hit a seven iron, and much less accurately, but they have now upped their range, presumably with the help of new ceramic materials, to par five distance, so the authorities are leaving nothing to chance.

Both your humble correspondents happen to live close enough to the summit wherewithals to have become very familiar with the security precautions. The one who lives in an apartment can't go on to the roof because it is being occupied by sleeping – and hopefully wakeful – policemen; the one who lives in a house can't even pick up the morning newspapers from the front gate without being closely inspected by a squad of Japan's finest.

You'll probably notice there doesn't seem to be much traffic on the roads you do see. This, let it be stressed, is not a miracle of modern traffic control in everyday Tokyo, where surface travel is not what you would call rapid transit. The Japanese, who do not do things by halves, have simply closed a great number of central streets. Fortunately, this is the Golden Week holiday period and half the population of the capital is in Hawaii anyway.

Those who do drive, however, have found a new game in the last

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S. Africa disrupted by May Day strike action

BY JIM JONES IN JOHANNESBURG AND ANTHONY ROBINSON IN DURBAN

MORE than 1m blacks stopped work and stayed away from schools yesterday in the largest anti-apartheid protest in South Africa's history.

Large parts of the country ground to a halt as workers responded to union calls to demonstrate their opposition to apartheid, and to back a demand that May Day become a paid holiday. Business associations reported a 70 to 100 per cent stay-away in towns and cities around the country.

In a message read to a rally in Durban Mrs Winnie Mandela, wife of the detained leader of the African National Congress (ANC), said: "This is a day of tribute to the sweat and toil of the workers around the world, and here in South Africa, where so many have given their lives to fight tyranny."

City centres emptied and many mines and industrial plants closed in what is seen as a practice run for a planned three-day protest around June 16, commemorating the tenth anniversary of the uprising in Johannesburg's Soweto township, in which hundreds of blacks died.

The stoppage in Johannesburg was helped by an almost total halt to commuter buses and disruption of rail services. Before dawn, police in armoured vehicles used loud hailers to awaken residents with assurances that they would be protected if they wanted to go to work. Most residents stayed behind closed doors all day.

In central Johannesburg the majority of shops and stores remained closed and an eerie quiet descended on streets on which black faces normally far outnumber white.

The stay-away was a stark illustration of the measure of support the country's emergent trade unions command. But as the black working class flexed its muscles in rallies throughout the country, the divisions within the movement appeared to widen.

Chief Mangosuthu Buthelezi, the chief minister of KwaZulu, chose May Day to launch a new trade union strongly opposed to economic sanctions and disinvestment and pledged to use the strike weapon only "with caution and wisdom."

The United Workers Union of South Africa (Uwusa) was inaugurated before a capacity crowd of over 50,000 in the same Kings Park stadium which saw the birth last December of the Congress of South African Trade Unions (Cosatu).

This federation of unions claims over 450,000 paid-up members and is closely linked to the United Democratic Front (UDF), the country's largest anti-apartheid coalition, and the ANC. It advocates disinvestment and supports sanctions.

Uwusa, headed by Mr Simon Conco, a former businessman and chief whip of the national assembly of KwaZulu, has been organised by

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London shares tumble in wake of US slide

BY GEORGE GRAHAM IN LONDON AND OUR NEW YORK STAFF

SHARE PRICES dropped sharply in London yesterday in the wake of the record overnight fall on Wall Street. Uncertainty over the outcome of the world economic summit, starting in Tokyo this weekend and the recent upturn in US interest rates, also helped the dollar to strengthen on the foreign exchange markets.

In New York, trading once again got off to a shaky start yesterday following the precipitous two-day decline. But by lunchtime, the Dow Jones industrial average had edged back into positive territory, showing a 4.5 point advance to 1,788.44, before turning back down during the early afternoon.

At one stage in brisk early trading, the Dow index, which plunged by a record 41.91 points on Wednesday, was marked down by almost 10 points. But it recovered steadily as investors became slightly more confident that the setback earlier in the week did not mark the beginning of a major correction.

In contrast, however, US long-term interest rates moved higher again, as the Treasury long bond dropped by a further full point in early trading, reflecting concern about investor demand at the forthcoming $27bn quarterly Treasury refunding set for next week.

The London stock market was helped on its way down by a £357m

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Prudential to raise £357m

BY ERIC SHORT IN LONDON

PRUDENTIAL, Britain's largest life assurance company, yesterday announced plans to seek a record £357m ($546m) from its shareholders through a rights issue of one new share at 800p for every five held – involving the issue of 80,257,503 new shares.

The stock market, taken unawares by the announcement, was even more surprised when the company disclosed that the issue would not be underwritten. A rights issue that is not underwritten is comparatively rare, and the Prudential's issue is by far the largest of its kind seen in the UK to date.

The additional capital being raised has not been earmarked for any specific purpose or any immediate acquisition despite market rumours of potential victims.

Lord Hunt of Tanworth, Prudential's chairman, said it was in the best interests of the company to raise additional equity capital now so that it could continue its strategic development and be ready to take advantage quickly of suitable opportunities when they arose.

The group has made no secret over the past year or so of its ambition to expand beyond its traditional role in the life assurance, general insurance and individual and company pensions fields.

The issue prospectus discusses two developments in recent months in this direction – the launch of a unit-trust company, Prudential Unit Trust Managers, and the company's entry into the property agency business through acquisition. It is now operating in that field as Prudential Property Services, and has moved into direct provision of mortgage finance.

Mr Mick Newmarch, a director of the company and chief executive of its investment arm, Prudential Portfolio Managers, emphasised the decision to finance this expansion from non-insurance activities by using shareholders' funds rather than employing any of the £17bn plus of life funds. All the rewards would therefore go to shareholders.

He said at least £100m of the new capital would be used to expand the property agency operation, with the aim of establishing a 800-branch national network by the end of the year.

Mr Newmarch was emphatic that the new capital was not required for the overall insurance operations of the group, either life or non-life.

However, the Prudential is keen to expand its overseas operations. Last year, it acquired the life operation of the troubled Irish insurance group, The Insurance Corporation of Ireland, now named Prudential Life of Ireland.

Mr Newmarch also explained that the company was aiming to expand its unit trust services further in the UK.

CONTENTS

THE SOVIET NUCLEAR DISASTER

Weapons uranium may have made meltdown easier

BY DAVID FISHLOCK, SCIENCE EDITOR

MELTDOWN TEMPERATURES in the stricken Chernobyl reactor may have been substantially lower than originally suggested, if uranium metal fuel was being used as well as its normal uranium oxide fuel. Uranium melts at 1,133 degrees C, compared with 2,865 degrees C for uranium oxide.

Soviet designers have acknowledged that uranium metal fuel can be mixed with oxide fuel in the RBMK type of reactor, although they give as the reason fast production of plutonium to fuel fast reactors. However, the most likely reason why Chernobyl No 4 reactor should be fuelled partially with uranium metal is for the production of high-purity plutonium for the nuclear weapons programme.

The fact that uranium was detected in Scandinavia early this week, washed out of the atmosphere by rain, was one early indication of a reactor meltdown, before the Soviet Union acknowledged responsibility for the fallout.

Initial assumptions were that, if uranium had passed into the atmosphere, the meltdown must be very severe indeed, to fuse the rings of ceramic uranium oxide fuel.

A much less severe fire would serve to melt uranium metal, however, to give the kind of accident which occurred at Windscale in Cumbria in 1957. In the Windscale fire some 40 tonnes of uranium were involved in a graphite fire which burned for two days.

In the RBMK, uranium metal is converted to plutonium at double the rate of plutonium oxide. The Soviet Union is understood to be well into a major manufacturing programme for a number of new nuclear weapons, the test programmes for which were completed by last year.

It is also known to use the RBMK as a dual-purpose reactor, producing both plutonium for weapons and electric power. For this reason Moscow refuses to export it, even to Comecon countries, although it is willing to export its pressurised water reactors and licence them for construction abroad.

The International Atomic Energy Agency in Vienna, whose inspectors were given access to the Russian PWR last year, have not been permitted access to the RBMK.

Soviet nuclear power plans 'behind schedule'

BY DOMINIC LAWSON

THE Soviet Union's nuclear power programme was beset by problems even before the radioactive leak at Chernobyl power station, according to a study* just published by the Economist Intelligence Unit.

The report argues that:

● Output from Soviet nuclear power stations had fallen behind schedule.

● Poor performance came despite evidence that many stations have been operated for much longer than the normal 6,000 hours a year.

● The extra hours of output imply that regular service work has not been carried out.

The report claims that the Soviet nuclear industry's main problem is a serious shortfall in installing new plants. In the five year plan just ended the industry missed its original target by 37 per cent, achieving only 15,800 Mw of new nuclear plant compared with the planned 25,000 Mw. A further 65,000 Mw of capacity is under construction.

* *Soviet Energy to 2000. EIU Special Report no 231 by Dr David Wilson. Price: North America $345, Rest of World: £195.*

N-plant unlikely to open

BY PATRICK BLUM IN VIENNA

THE ACCIDENT at Chernobyl is likely to put an end to hopes of opening Austria's only nuclear power plant at Zwentendorf, some 30 miles west of Vienna. The plant, which has cost about Sch 10bn (£422m) was completed in 1978 but never used because a referendum in the same year narrowly came out against commissioning it. Several subsequent attempts to overcome constitutional obstacles to putting the plant into operation have failed.

The disaster has brought almost unanimous condemnation of nuclear power despite the ruling Socialist Party's support for commissioning Zwentendorf.

Swedes told Moscow can cope alone

By Kevin Done, Nordic Correspondent in Stockholm

THE SOVIET Embassy in Stockholm said yesterday that the Soviet Union had sufficient resources to deal with the consequences of the accident at the giant Chernobyl nuclear plant.

The level of discharges of radioactivity from the crippled reactor had fallen and the other three reactors at the site had been closed down, the embassy added.

A senior doctor at Stockholm's Karolinska Hospital has offered Swedish medical facilities to help treat radiation victims of the Chernobyl catastrophe, but the hospital had not received any approach—either official or unofficial—from the Soviet Embassy for help.

The Swedish Foreign Ministry said it had received no calls for medical help from Soviet officials.

The radioactive winds that have blown over Sweden since the accident have abated, and the winds from the Kiev region are not expected to blow towards Scandinavia again before the middle of next week, according to Swedish meteorologists.

Radioactivity measured in the air over Stockholm is now only a tenth of the highest levels reached earlier this week, according to measurements taken by the National Institute for Radiation Protection.

The institute estimates that at worst Swedes will be exposed to a level of radiation one-fiftieth of that allowed as the maximum annual dose for someone exposed to radiation in his work, Mr Gunnar Bengtsson, head of the institute, said.

In a number of May Day speeches yesterday, Swedish Government and trades union leaders again attacked Soviet delays in releasing information about the Chernobyl accident.

Mr Ingvar Carlsson, the Swedish Prime Minister, said that neighbouring states must immediately give complete information in the case of nuclear accidents. "This has not happened from the Soviet side."

He said the result of the 1980 referendum to the effect that all of Sweden's 12 nuclear reactors should be phased out by the year 2010 stood firm.

Mr Lars Werner, leader of Sweden's Communist Party, said that the Soviet delay in informing neighbouring states about the Chernobyl accident was "cynical, unreasonable and unacceptable."

FOREIGN STUDENTS LEAVE WHILE MOSCOW CELEBRATES

Chernobyl casts no shadow over May Day

BY PATRICK COCKBURN IN MOSCOW

TENS OF thousands of Muscovites waving red flags and carrying sprays of cherry blossom marched through Red Square to celebrate May Day yesterday obtivious of the world's worst civil nuclear disaster at Chernobyl in the Ukraine.

Meanwhile, foreign embassies in the capital are organising the evacuation of nationals, mainly students, from Kiev, the capital of the Ukraine some 80 miles from Chernobyl, and from Minsk which has been affected by the radioactive cloud carried north by the wind after Saturday's accident.

Some 84 British students evacuated overnight by train from Kiev were checked for radiation in Moscow before being taken to the airport for the flight home. All were given certificates saying they were "effectively healthy."

Many appeared confused by the events of the past few days and angered by questions from correspondents and television crews. Some claimed they had been evacuated unnecessarily as a result of Western press exaggeration of the danger. Mr Robert Walker, a 22-year-old student from Bournemouth studying in Kiev, said he and the other students had stripped to the waist for their check-up and he had measured 20 on the Soviet geiger counter calibrated up to 25.

He said he knew nothing of the Chernobyl disaster until Monday and it had then been difficult to decide whether to believe the official account of a limited accident or the more apocalyptic stories from abroad.

The students were to undergo a further radiation check by British Airways at Moscow airport. Anybody showing an abnormally high level will have to shower and put on a special track suit while their own clothes are placed in sealed bags in the hold of the aircraft. Medical staff are travelling on the aircraft.

As foreign embassies work on evacuation plans, Soviet citizens have all started the first day of the four-day May Day holiday and are showing no signs of alarm over the disaster. At the exhibition of Soviet economic achievements in north Moscow, people are visiting one hall devoted to nuclear power stations.

Here, visitors can obtain a leaflet at the exhibition on the RBMK-1,000 reactor, the first picture in which is of the white building of the Chernobyl plant. It is surrounded by electricity pylons and trees.

The text of the leaflet is reassuring. It says that in case of emergency the reactor's power is shut down "with a speed ensuring integrity of the fuel elements and structural units of the reactor. If necessary high speed emergency protection of the reactor can bring it over to the sub-critical state."

The Soviet position is that Western media coverage of the disaster is wholly exaggerated but there are signs in the past few days of some official recognition that the failure to announce it until two days after the event has very seriously damaged the country's image abroad, particularly in Western Europe.

Since Wednesday night more information has been produced. Some Western ambassadors have been called to the Foreign Ministry to be told that the fire at the reactor is definitely out. Yesterday, the Canadian consul was given permission to go to Kiev to see Canadian students. He is the first diplomat allowed into the Ukraine since the reactor blew up.

The Soviet news agency Tass is now running stories. Without mentioning Chernobyl, there have been a number of reports from Kiev designed to indicate that life is normal. "The competitions of Soviet cyclists in Kiev, which are qualifying races for the Peace Cycle Race which starts here on May 6, have been extended for two more days," reads one Tass report.

The second theme being emphasised is nuclear accidents in other countries. "The truth about Three Mile Island accident was concealed," the news agency was shocked to report yesterday. "Toxic wastes in United States are a health hazard." Another item notes that at Sellafield nuclear reprocessing plant in Britain "as a result of criminal negligence of the management, 16 workers received an above normal dose of radioactivity."

	Share of nuclear production in total net EEC electricity production			EEC electricity production in 1985*			
	1983	1984	1985	Termal	Nuclear	Hydro/ Geothermal	Total net production
EEC 12	21.0	26.4	30.7	843.6	455.8	186.8	1,486.1
W. Germany	17.8	23.6	31.2	246.7	119.8	17.3	383.8
France	48.3	58.7	64.8	52.1	213.1	63.6	328.8
Italy	3.1	3.8	3.8	123.3	6.7	46.7	176.6
Netherlands	5.9	5.9	6.1	57.1	3.7	—	60.8
Belgium	45.7	50.9	59.8	28.5	32.4	1.3	54.2
Luxembourg	—	—	—	0.4	—	0.5	0.9
U.K.	16.9	17.9	19.3	218.0	53.8	6.8	278.6
Ireland	—	—	—	10.5	—	1.1	11.6
Denmark	—	—	—	27.0	—	0.1	27.1
Greece	—	—	—	22.9	—	2.8	25.7
Spain	9.1	19.3	22.0	57.5	26.3	35.9	119.7
Portugal	—	—	—	7.6	—	10.7	18.3

* bn of kWh

Source: Eurostat

EEC's reliance on N-energy

BY QUENTIN PEEL IN BRUSSELS

THE European Community member states rely more heavily on nuclear energy for electricity supplies than any other major industrialised region of the world.

That dependence has grown dramatically since the first oil price shock of 1973, when nuclear power stations accounted for only 5 per cent of net electricity production. By 1984, nuclear capacity had multiplied by a factor of five to account for 27 per cent of electricity production, or almost 11 per cent of total energy supply to the Community.

Last year, the share of nuclear production in total production reached 31.8 per cent for the then 10 member states, or 30.7 per cent including Spain and Portugal.

The degree of dependence is none the less very differeot between the member states, with Franc and Belgium both relying on nuclear power for well over half their electricity supplies, while Denmark, Greece, Ireland, Luxembourg and Portugal produce none at all.

A recent surge of newly-commissioned nuclear power stations in France, West Germany and Belgium has further accentuated the trend: average net nuclear capacity in the EEC last year totalled about 62 gigawatts (GW), expected to increase to 74 GW in the course of 1986, and 79 GW by the end of the year.

Italy is the most notable exception to the EEC trend, relying on nuclear power for less than 4 per cent of its electricity supplies last year, while hydro-electric and geothermal sources account for 26 per cent. Planned new capacity in Italy, however, will add eight new reactors between 1990-95, matched only by the continuing French nuclear programme, puttiog Italy almost on a par with Britain by 1995.

The UK currently ranks fourth in the Community for nuclear dependence, after France, Belgium and West Germany—and third in terms of absolute production, ahead of Belgium.

West Germany has been slow to follow the nuclear path, at least in comparison with the French, but its nuclear production practically doubled over the past three years, from 63bn kWh in 1983, to 119.8bn kWh by the end of last year.

The energy objectives for 1995 drawn up by the European Commission—but not yet adopted by the member states in the Council of Ministers—call for nuclear power to generate 40 per cent of electricity by that year, while the share of oil and gas would be limited to no more than 10 per cent.

By 1985, nuclear power in the EEC represented about 100m tonnes of oil equivalent, or some two-thirds of North Sea oil production.

UK electricity chief gives safety pledge

BY DAVID FISHLOCK, SCIENCE EDITOR

BRITAIN COULD never suffer the kind of nuclear accident the Soviet Union had experienced at Chernobyl, because of its attention to safety. Lord Marshall, chairman of the Central Electricity Generating Board, told MPs and nuclear industry executives in London yesterday.

He said the RBMK reactor involved in the accident has "a number of unsatisfactory safety characteristics," which ensured that it could never be licenced or built in Britain. He said the British public was further protected by the open discussion on safety involving the public, MPs and public inquiries, which guaranteed that there could be no short cuts.

Lord Marshall was making an unscheduled announcement on the accident at the annual lunch of the British Nuclear Forum, trade association of the nuclear industry.

He called the RBMK a unique Russian design with no counterpart in the West, and of all reactors the one which least resembled the CEGB's design of pressurised water reactor for Sizewell B in Suffolk.

He forecast that when the report of Sir Frank Layfield on the Sizewell public inquiry appeared, it would prove to be mostly about reactor safety. The report is expected to be delivered to the Government early this autumn.

By British standards, the Chernobyl type of reactor (RBMK) had several serious defects, Lord Marshall said:

● The graphite moderator was very hot, over 700 degrees C—far higher than in British reactors such as the Magnox and advanced gas-cooled reactors (AGRs), both of which use graphite moderator.

● A steam pocket forming in the RBMK would cause the reactor's reactivity to increase—"the exact reverse of what you want for a readily controllable system."

● The RBMK did not have continuous emergency cooling.

Lord Marshall said Britain had looked at a pressure-tube type of reactor similar to the RBMK, in the mid-1970s, as an alternative to the AGRs. He said he had drafted the paper which Sir John Hill, then chairman of the UK Atomic Energy Authority, had put to the Government showing that Britain could make such a reactor safe, but that it would not be economic.

The British steam generating heavy water reactor had been superficially similar to the RBMK and had obvious advantages over the RBMK, "and did not get through our system," he said. "I do want to stress to you that in our country safety comes first," he said.

On the advice of Sir John Hill, the Labour Government in 1977 abandoned design work on the steam-generating heavy water reactor, and concentrated on the AGR and the US pressurised water reactor.

EUROPEAN NEWS

Patrick Blum counts the cost of a bitter election campaign

Old wounds open again in Austria

WHATEVER THE results of Sunday's presidential election in Austria, the long and bitter campaign will have lasting effects. The controversy surrounding Dr Kurt Waldheim, the former United Nations Secretary-General and a leading candidate, has opened up old wounds which will be difficult to heal.

The ruling Socialist Party and the opposition People's Party have invested a great deal in the success of their respective candidate. Defeat will inevitably lead to recriminations and the search for scapegoats. Both party leaders will come under strong pressure from critics in their own parties and their position could be threatened.

As this stage of the campaign closes — a second round of voting may be held on June 8 if neither candidate wins an absolute majority on Sunday—Austrians have little time left to ponder over the controversy which has brought to the surface issues which many would prefer to forget. It has pitted a large section of the younger generation against their elders, encouraged nationalist and anti-Semitic sentiments, and deeply divided public opinion.

Dr Alois Mock, the People's Party leader, has described the campaign as the ugliest in the country's post-war history. Certainly, the level of invective between the two main parties has been uncommonly bitter for a country that until now had prided itself on consensus and compromise.

The allegations against Dr Waldheim are at the heart of the controversy. He is alleged to have been a member of Nazi organisations and to have been implicated in Nazi atrocities in the Balkans. He has forcefully denied the allegations saying that they were part of a smear campaign to undermine his bid for the presidency.

Dr Waldheim and his supporters in the People's Party have accused the Socialists of masterminding the campaign against him with such vehemence that there are doubts about his ability to co-exist with the Socialist administration if he is elected.

Flowers for Dr Waldheim on the campaign trail.

That the allegations were widely taken up by the world Jewish Congress has also served to encourage anti-foreign and anti-Jewish sentiments. The People's Party has called on Austrians to vote for Dr Waldheim for patriotic reasons in order to demonstrate to the world that they alone will decide who is to be next President.

According to a recent poll, most Austrians believe Dr Waldheim has told the truth about his past and 2 per cent believe that he was implicated in atrocities. If anything, he has benefited from a wave of sympathy that looks likely to carry him to the presidency.

He is still ahead with a lead of 2 per cent according to Socialist polls, and of about 8 per cent according to other polls. The higher figure would give him a good chance of an outright victory on Sunday.

Ms Freda Meissner-Blau, the "Green" candidate is expected to pick up about 5 per cent of the vote mainly from younger voters and women. Mr Otto Scrinzi, a disident member of the Freedom Party, the junior partner in the government coalition, who is known for his extreme right-wing views, is expected to win about 1 per cent.

The election will be an important test for the parliamentary election, due by April 1987 at the latest. A victory for Dr Waldheim will boost the People's Party's chances of forming a government or being part of a new coalition. Although it has been doing better than its Socialist rival in the polls, its chances of winning an absolute majority are slim and it has pinned its hopes until now on the return of a grand coalition with the Socialists similar to those which ruled Austria after war until 1966.

This makes it all the more important for the party that Dr Waldheim should win. He intends to play a far more active role as President than has been the case traditionally. He is expected to use the presidential powers to the full, especially when it comes to deciding whom to cal to form a government.

Dr Fred Sinowatz, the Socialist leader and Chancellor, fears that Dr Waldheim will interfere in the running of the Government. He has shown no inclination for a large coalition, preferring instead the current small one with the right-wing Freedom Part. With relations between the two main parties so poor, it is difficult to imagine a sudden change of heart on the Socialists' side.

All of which explains why these elections are so crucial for both parties. Most observers now believe that the parliamentary election will be held early—probably in October—whoever wins the presidency. Some Socialists argue that if Dr Waldheim wins it will be necessary for Dr Sinowatz to hold an early election to reinforce his position with a fresh mandate.

If Dr Waldheim loses, they suggest it would be wise to go to the polls as soon as possible to take advantage of the discomfiture and probable crisis within the People's Party.

An early parliamentary election is also seen as desirable to prevent an over-long and acrimonious campaign, while Dr Waldheim himself may decide to dissolve Parliament which he would be entitled to do.

The Freedom Party stands to lose most either way and will want to cling to power as long as possible. It risks annihilation in a parliamnetary election, having lost support on its right because of its liberal leadership and to the Grens who could make their first entry into Austria's Parliament with unforeseeable consequencies.

The party is also divided between a nationalist wing and liberal wing led by Dr Norbert Steger, the party leader. A running feud between the two tendencies has brought the party close to an open split, with the "nationalists" threatening this week to go their own way and ignore the federal leadership.

Dr Steger's problem is that the right is strongest in provinces where the party has most of its traditional support. In practice, this means that the party would be assured of seats in a new parliament, but the row threatens to topple Dr Steger thereby putting into question the coalition with the Socialists. His opponents are counting on the revival of nationalism in Austria to make their mark, and for the first time they could have a chance of success. In the words of one commentator: "The campaign for parliament has wel and truly started."

Hungary set to write off steel debts

HUNGARY'S THREE biggest and loss-making steel companies are to be forgiven forints 23bn (£333m) in back debts, if their "reconstruction" programmes win approval from the State Planning Committee in Budapest.

This temporary reprieve for the Lenin, Osd, and Danube steelworks, which together owe forints 17bn in debt principal and forints 5bn in debt interest, means that they will not immediately come under the hammer of Hungary's new law on bankruptcy due to enter into force on July 1.

The three companies employ more than half the steel industry's 80,000 workforce and produce 65 per cent of its steel. Their financial reprieve indicates government nervousness lest so apparently capitalist as innovation as a bankruptcy law produce early corporate victims of such consequence.

In fact, the steel companies, with the help of World Bank and Western experts, have already put together the outlines of a reconstruction programme, involving smaller output of higher grade steels.

But the state-funded investment to achieve this is disputed, with the present 1986-90 plan offering Forints 7bn, the Ministry of Industry pushing for Forints 10bn-15bn, and the companies themselves calling for Forints 20bn.

The law will inject into existing Hungarian law governing insolvency two new elements: the courts and creditors, and a State Rehabilitation Office. The latter will intervene only where bankruptcy could cause major goods shortages or job losses.

The rescue of the steel industry is planned to be the last before the new law comes into effect. But since the Government will not want other unprofitable giants of Hungarian industry to go to the wall, other exceptions seem likely in the future.

EEC to ration cash for youth training and job creation

BY QUENTIN PEEL IN BRUSSELS

CASH FOR youth training and job creation schemes from the EEC's Ecu 2.5bn (£1.6bn) Social Fund, from which Britain and Italy have traditionally been the biggest beneficiaries, is to be much more strictly rationed. The budget crisis in the Community, combined with high unemployment and the enlargement of the EEC to include Spain and Portugal, have resulted in the available funds being hopelessly oversubscribed.

New guidelines adopted by the European Commission this week will try to narrow the focus of the Fund, and concentrate its activities on the most badly-affected and economically-deprived areas. However, the Commission failed to agree on the final division of the funds for 1986, certain to hit the previous recipients to make room for the new member states.

The guidelines for 1987-89 will reduce the number of regions eligible for cash, and cut from 63 per cent to under 57 per cent, the working population affected.

The criteria for selecting areas include the level of unemployment, the income per capita, and the extra factor of suffering major industrial restructuring—to include declining coal and steel regions.

New rules mean that:

● Projects to affect the long-term unemployed over 25 years old "must offer genuine prospects of employment";

● Restructuring grants will only apply to industrial enterprises and must benefit at least 15 per cent of staff over two years;

● Aid for the handicapped can only be given where they have an opportunity to compete in the outside labour market;

● Local employment initiatives will be restricted to young people in regions which are not top priority;

● Grants for migrant worker programmes will be limited to the first three years of their arrival.

Almost half the total funds available—44.5 per cent—are supposed to be spent in top priority areas, which now include the whole of Portugal and many regions of Spain, but only Northern Ireland in the UK.

The 1986 budget included more than Ecu 2bn for the Social Fund, and a supplementary budget is seeking a further Ecu 500m. Apart from applications running at well over double that figure, there has been a build-up of unpaid past commitments totalling Ecu 2.8bn on January 1. The backlog reflects the fact that the member states have cut spending each year in the EEC budget, without cutting back the longer-term commitments to the same extent.

Danish growth marked up

BY HILARY BARNES IN COPENHAGEN

DENMARK'S gross domestic product grew 3.8 per cent last year in real terms, according to the bureau of statistics. This compares with an estimate in December of 2.5 per cent. The revised figure reflects a substantially higher growth in private consumption which rose by 4.3 per cent, compared with the December estimate of 2.5

Gross domestic product in current value increased by 9.5 per cent to DKr 612.8bn (£49bn). Gross fixed investment, which increased in constant price terms by 14.6 per cent, was the fastest growing component of domestic demand. Public sector consumption rose by only 1.7 per cent. Exports of goods went up by 3.9 per cent and imports by 8.0 per cent. Real GDP increased by 2 per cent in 1983 and 3.4 per cent in 1984.

Irish bid for US tourists

By Hugh Carnegy in Dublin

BORD FAILTE, the Irish tourism board, is to spend I£600,000 on a major campaign in the US to try to counter a run of holiday cancellations caused by American concerns about terrorist attacks in Europe.

Announcing the campaign here yesterday, Bord Failte said it expected revenues from North American visitors to be down between 15 and 20 per cent this year from last year's record of I£180m as a result of cancellations following the recent clash between the US and Libya. Original estimates had predicted a small rise. Coach tours had been especially hard hit, with some reporting cancellations as high as 35 per cent.

Receipts from foreign tourism were more than I£650m last year, forming an important balance of payments contribution. Tourism also generates some 60,000 seasonal jobs in Ireland, where unemployment is running at 18 per cent of the workforce.

The thrust of the campaign will be to persuade Americans that Ireland lies well outside the high-risk Mediterranean areas and remains a safe destination. The Irish will be trying to reach Americans who are now reluctant to travel elsewhere in Europe.

FINANCIAL TIMES

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter-Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.E.P. Smith, Frankfurt/Main, Guiollettstrasse 54, 6000 Frankfurt am Main 1. © The Financial Times Ltd, 1986.

FINANCIAL TIMES, USPS No. 190640, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing offices. POSTMASTER: send address changes to FINANCIAL TIMES, 14 East 60th Street, New York, N.Y. 10022.

LEADERS GATHERING FOR ECONOMIC SUMMIT

US urges Marcos to curb activities

BY REGINALD DALE, US EDITOR, IN BALI

Ronald Reagan

THE US has told deposed President Ferdinand Marcos of the Philippines that it does not approve of his continuing political activities in exile in Hawaii, including the frequent telephone calls he has made to his supporters in Manila, Mr George Schultz, the US State Secretary, said here yesterday.

Mr Schultz told a news conference: "We've told him it's not a good idea" to continue to try to wield political influence from Hawaii. But Washington could not stop him doing so as he was a free man in a free country, Mr Schultz said.

President Ronald Reagan had also personally told Mr Marcos by telephone at the weekend that the US wanted to see the new Aquino Government succeed in restoring economic and political stability to the Philippines.

Mr Reagan repeated his support for the new government in a meeting here yesterday with Vice-President Salvador Laurel, the Philippine Foreign Minister, who had earlier said that he wanted Mr Reagan to remove lingering doubts about the strength of his commitment to President Corazon Aquino.

Mr Schultz added, however, that Mr Laurel had also been told that the US would like the Philippine Government to give Mr Marcos a passport and stop discouraging him from leaving the US for exile in another country if he wanted to. Other governments had declined to accept Mr Marcos, because Manila had warned that it would consider it an "unfriendly" act, Mr Schultz pointed out.

Mr Schultz repeatedly stressed that the US wanted to see the Aquino Goverment succeed and was impressed by the economic, military and constitutional reforms that it was introducing. The Government faced a real military problem, however, because its own forces had implemented a ceasefire, while the communist insurgents had not.

Mr Laurel had given the impression that the Philippines' financial needs were "infinite," Mr Schultz said. But the US did not have infinite capacity to provide money and the solution to the Phillipines problems should start with economic reforms at home.

Reagan to back Asean call for market access

By Our US Editor in Bali

PRESIDENT REAGAN, yesterday promised the six Asean countries that he would continue to fight protectionism and take their demands for open access to world markets to the Tokyo economic summit.

"Any substantial cut in the commerce between nations would be an unmitigated disaster," he told Asean foreign ministers at a meeting here yesterday.

Mr Reagan listened to the concerns of the Asean countries — Indonesia, Malaysia, Thailand, the Philippines, Singapore and Brunei on problems ranging from falling oil and commodity prices to the difficulty of attracting US investment.

Thailand expressed particular anxiety over recent US farm support measures that are severely damaging its vital rice exports. Mr Reagan pledged that he would carry the Asean message to Tokyo, "as a Pacific Rim partner."

None of the six countries should doubt Mr Reagan's commitment to free trade, Mr George Shultz, the US Secretary of State, told a news conference, and they had welcomed his renewed commitment to oppose protectionism both in the US and internationally.

For their part, the Asean nations could help in the struggle by removing their own protectionist restrictions on foreign investment, Mr Shultz said. Indonesian regulations, for example, were discouraging both Indonesian and foreign investment in the country.

Aquino plans radical reform of labour laws

BY SAMUEL SENOREN IN MANILA

THE PRESIDENT of the Philippines, Mrs Corazon Aquino, yesterday introduced radical changes in labour laws decreed by desposed President Ferdinand Marcos in an effort to placate a highly restive labour force.

Mrs Aquino, who assumed power only two months ago, announced the sweeping reforms, described as highly pro-labour, before tens of thousands of cheering workers attending a rally in a central Manila park.

The rally was marred by a clash mostly between police and followers of Mr Marcos who had camped in front of the US embassy nearby. At least one person was killed and scores injured.

Mr Jaime Ongpin, the Finance Minister, told a meeting of the Asian Development Bank in Manila that unemployment had become a real problem with 15 to 20 per cent of the total labour force out of work and 35 to 40 per cent underemployed.

The introduction of the new policies which guarantee a minimum of government interference in labour disputes and encourage workers to form unions. Strikes may be staged on a simple majority vote compared with the previous two-thirds vote. The policy change is widely believed to be a highly calculated risk taken by Mrs Aquino to drum up support for her Government.

However, it could become a crucial test of whether her Government would continue to enjoy the support and confidence of the "business" community which had openly backed her campaign to oust Mr Marcos from power.

Mr Ongpin: unemployment problem

In recent weeks, pro-labour announcements from the Government such as those involving mandatory profit-sharing, provoked many in the business community to question whether any move at radical labour legislation would make the economy recover more quickly.

There has been concern in government and business sectors that a strongly pro-Labour stance would deter investments, particularly the entry of foreign capital.

Mr Ongpin indicated that the confidence of the business community in the economy, which waned during the regime of Mr Marcos, returned soon after Mrs Aquino became president.

● The Philippine Vice President, Mr Salvador Laurel said yesterday his country is "dead broke" and needs "much more" US assistance than the $150m which President Reagan offered last week, Renter reports from New York.

Thatcher to press trade issues on S. Korea visit

BY STEVEN B. BUTLER IN SEOUL

THE BRITISH Prime Minister, Mrs Margaret Thatcher, arrives in Seoul late this evening on route for the Tokyo summit on an official visit aimed principally at strengthening commercial ties with South Korea.

The visit is the first by a British prime minister to Korea, and following the visit to London last month of Mr Chun Doo-Hwan, the South Korean President, both sides are keen to play up the ceremonial aspects of the visit to draw maximum attention to a relationship that is growing.

British diplomats in Seoul are keen to emphasise what they see as growing commercial opportunities for British companies, especially high technology companies, as the Korean economy rapidly becomes more sophisticated.

Mrs Thatcher will visit frontline areas along the tense border with Communist North Korea, and will visit a large steel complex in the southern part of the country before heading to Tokyo on Sunday for the summit of industrial nations.

Sonth Korea recently removed a major potential irritant by quietly scrapping plans to phase out the import of bulk Scotch whisky, after the British Government had applied considerable pressure. Trade still runs beavily in South Korea's favour, with a deficit that exceeded £250m last year.

● Italy's Prime Minister Mr Bettino Craxi, the first foreign leader to arrive for next week's seven-nation summit meeting, landed in Tokyo amid extra tight security yesterday for a visit that also includes talks with Japanese leaders, AP reports from Tokyo.

● Mr Helmut Kohl, the West German Chancellor, yesterday laid a wreath at Bangkok's Victory Monument to honour Tbailand'a war dead, Reuter reports. He is on the way to the Tokyo summit. He later flew to the southern city of Hua Hin for a luncheon meeting with King Bhumibol Adulyadej.

Mr Kohl told Tbai leaders when he arrived on his four-day visit on Wednesday that West Germany wants just solutions to the Kampuchean and Afgban conflicts.

Syria to take part in ministers' meeting

By Richard Johns in Fez

SYRIA yesterday surprised Arah Leagne officials by telling them it would send a delegation to the Foreign Ministers' meeting here which has been called to prepare the way for an Arab summit.

Damascus was nnderstood to have changed its mind following an appeal by Libya for snpport and solidarity.

Mr Farouk Sbawa, Syrian Foreign Minister, was expected to arrive here this afternoon. But bis attendance is nnlikely to ease the deadlock over the agenda.

Syria snpports tbe Libyan view that any top-level emergency meeting shonld concentrate wbolly on discussion and condemnation of tbe US raids last month on Tripoli and Benghazi.

Morocco, Sandi Arabia and other conservative Arab states are determined that eqnal weight sbould he given to tbe Gulf War.

Yesterday, most delegates were resigned to the fact that it wonld almost certainly prove impossible to obtain sufficient consensus among tbe foreign ministers to provide a basis for a summit meeting of leaders.

Nevertheless King Hassan, who has invested considerahle effort in attempting to eonvene tbe meeting, continned to persevere. He summoned all tbe chief delegates to his palace in an apparent hid to reach agreement on the basic outlines of an agenda.

Delegates meanwhile dismissed as grnnndless a report by the official Libyan news agency Jana that Saudi Arabia and Knwait were prepared to join Libya, Syria and Algeria at a top-level meeting at Sebha, Colonel Muammer Gadaffi's home town.

African Development Bank to seek 200% increase in capital

BY PETER BLACKBURN IN ABIDJAN

THE PRESIDENT of the African Development Bank, Mr Babacar N'Diaye, will press the case for a 200 per cent increase in the bank's capital at its annual meeting in Harare from May 5-7.

The Abidjan-based bank, the most important pan-African development financing institution, is seeking to raise its capital to $18.4bn in order to help fund a $9.5bn lending programme over the five-year 1987-1991 period.

The bank, wbicb includes 50 indepenedt African and 25 non-African members, has expanded its activilies rapidly in recent years, increasing commitments by 28 per cent to $709m in 1985.

Loan approvals by the bank group, which includes the soft-loan agencies, African Development Fund and Nigeria Trust Fund, topped the $1bn mark for the first time rising 31 per cent to $1.1bn in 1985.

Speaking recently in Abidjan, Mr N'Diaye said that there was geoeral agreement among member countries that the ADB should be an "important motor" for development in Africa. It should therefore be given the means to maintain the growth of its activities and raise the net flow of resources to the continent, he said.

Earlier scenarios envisaged 100 per cent and 150 per cent increases but bank officials now put forward several arguments for an even bigger increase — the first in which the bank's 25 non-African members wilt participate:

● Plans to reduce the paid-up capital portion from 25 per cent to 12½ per cent means the new lending programme will be financed to a much greater extent by borrowings on international capital markets. Nearly $3hn is expected to be raised in this way between 1987-91.

A smaller capital increase would mean more difficult access to the capital markets. More funds would have to be raised in the form of subordinated debt which is tied tn capital provided by African borrowing countries. This is hecause tbe bank's credit rating is linked to borrowings limited to 80 per cent of the callable capital of the bank's non-borrowing, mainly western, members.

● A major expansion in non-project lending is planned in the form of structural adjnstment and sectoral loans. This would be additional to the bank's traditional project lending and represent up to 25 per cent of total loans.

● ADB is also sceking ways of increasing co-financing with commercial banks as well as increased privale sector industrial and inler-African trade financing. Lending to industry and industrial developement banks will be given second priority in the 1987-91 programme wilb 25 per cent of total loans, abead of transport, public utilities, healtb and education.

● The resumption nf borrowing this year by Nigeria—absent for the past 10 years — and the possible return of Algeria in 1987 will present fresh dcmands on the bank's resources.

Some non-African ADB members say that the planned 20 per cent annual increase in bank lending is overambitious given the African debt crisis and the payment arrears of some of its members.

There are also reservations about the proposed rapid expansion in non-project lending and the danger of il turning into a "cheque writing exercise" with a decline in lending quality.

There ls concern as tn whether the haok can find enough experienced staff to carry out the policy dialogue which should accompany non-project lending.

Sudan fundamentalists may join coalition to govern

BY JOHN MURRAY BROWN IN KHARTOUM

SUDAN'S Umma Party, which controls the largest number nf seats in the country's newly elected assembly, may turn tn the fundamentalist National Islamic Front (NIF) to form a gnvernment unless agreement is reached with the moderate Democratic Unionist Party (DUP).

Umma won 99 seats, the DUP 63 and NIF 51, in the 301-member assembly. Polling was not possihle in 37 constituencies in the south, base of the rebel Sudan Peoples Liberation Army (SPLA).

A coalition between Umma and the Front had at one stage seemed unlikely because the latter's support for a strict interpretation of Sharia law, which is atrongly resisted by the Christian aouth and which is one of the rebel's main grievances.

However, the Front's leader, Dr Hassan Turabi, signalled his intention to work with Umma in conversation with reporters earlier this week. He confirmed he would support moves to ahrogate the so-called September Sharia laws introduced by former President Nimeiri in 1983, with backing from the Front.

The repeal of the September laws remains the principal demands of the SPLA leader, Col John Garang.

Observers believe that Dr Turabi'a apparent willingness to compromise and take a role in the new government was prompted by his failure to secure a seat in the assembly. It is due to meet on May 6, when the outgoing Sudanese leader, Gen Abdul Rahman Swareddehab, will hand over to a new government.

Sikh extremist leaders escape raid on temple

Security forces failed to capture Sikh extremist leaders when they raided the Golden Temple, the Sikhs' holiest shrine, Punjab police chief Julio Ribeiro told Renter in Amritsar yesterday. He warned of possible reprisals against Hindus in the Sikh-majority state following the raid in which one Sikh was killed and two wounded. Police said 2,000 paramilitary police and commandos fired three shots and used 200 stun grenades in a 13-hour operation on Wednesday night to flush out separatists from the Amritsar temple complex.

Tamils feared dead

More than 300 people are feared dead in three days of fighting between rival Tamil separatist groups in Sri Lanka, according to the official news agency Lankapuvath quoted by Renter in Colombo. Residents in northern Jaffna said Mohan Sri Sabaratnam, leader of the Tamil Eelam Liberation Organisation, was captured when his beadquarters fell to the rival Liberation Tigers of Tamil Eelam.

Bangladesh protest ban

The Bangladesh Government moved yesterday to stifle protests against parliamentary elections next week, banning anti-poll activity and detaining a key opposition leader and 12 other politicians.

Thai Premier loses vote

Opposition and government members of parliament said last night that Prime Minister Prem Tinsulanonda shnuld resign or call fresh electiona after the assembly rejected one of his pet bills, Reuter writes from Bangkok.

The bill—which called for higher registration taxes on diesel-powered vehicles — was rejected 147-43 after some members of the Social Action Party (SAP), main partner in Prem's four-party coalition, voted with the npposition.

Mr Prem did not turn np for a dinner given in his honour by German Chancellor, and his Mr Helmut Kohl, the West whereabouts were not known.

They speculated be might he consulting King Bhumibol Adulyadej at the royal resort Hna Hin, about 150 miles south of Bangkok.

Dole seeks guidance on budget compromise

By Stewart Fleming in Washington

SENATE majority leader Robert Dole has sought guidance from the White House about what sort of compromise on spending priorities and taxes the Reagan Administration might accept to revive the flagging budget processes.

The mov ecomes amid deepening despair on Capitol Hill about the prospects of Congress being able to draw up a budget resolution. There is no sign of compromise in the Senate over the proposal from the Senate budget committee for spending cuts, revenue increases and defence spending cuts greater than the President allowed for in his budget message in February.

Expectations are growing that Congress will have to try to grind out the details of the 1987 budget without the framework of a budget resolution to guide them.

Senator Dole, who described votes on the proposed resolution as "a budget meltdown" said yesterday: "The chances of a compromise are not very good. Maybe nothing will pass, maybe we will kill this one and try (again) later."

The budget debate in the Senate has stalled on fundamental issues concerning how deeply to cut defence spending, how much revenue to raise and what social programmes ought to be trimmed or eliminated.

The fact that the White House has been sticking firmly to its hard line—resisting tax increases and holding out for a substantial rise in defence spending (which even administration officials concede privately they will not get)—has also contributed to the difficulty of getting a budget compromise.

The forthcoming Congressional elections are another factor working against reaching agreement on a budget resolution. Senators do not want to be seen voting either to increase their constituents' taxes or cutting funds for programmes that benefit them.

In the background too is the deepening scepticism about the Gramm-Rudman-Hollings budget reform bill. Some of its sponsors maintained it would force Congress to tackle the budget deficit rather than face the unpalatable prospect of another and deeper round of automatic spending cuts, but many believe that the Supreme Court will find the bill unconstitutional as the Federal District Court in Washington has already done.

● Renewed signs of weakness in the non-residential construction industry were reported yesterday when the Commerce Department said that in March construction spending overall fell 1.2 per cent in current dollars terms.

Residential construction, which has generally been quite strong, fell 0.5 per cent in March but non-residential construction fell 2.2 per cent after declining slightly in February.

Robert Graham, recently in Rio de Janeiro, reports on co-operation between two Latin American countries

Brazil and Argentina swap ideas on economic plans

TRADITIONAL rivalry between Brazil and Argentina has meant that Brazilian officials and the media have presented the new economic stabilisation programme as entirely original. Yet the "Cruzado plan" bears a striking similarity to Argentina's earlier Austral Plan and behind the bluster of nationalistic pride there has been a remarkable degree of co-operation.

Finding common cause in the debt crisis, Latin American governments and academic institutions generally are exchanging ideas and watching each others' experiences to an unprecedented degree.

This has occurred most among the high inflation economies of Argentina, Bolivia, Brazil and Peru. But it has also flourished under the umbrella of the Cartagena Group of the region's 11 main debtor nation and has since last year has received considerable encouragement from the single-minded efforts of Mr Enrique Iglesias, the Uruguayan ...

The curious feature of the Argentine-Brazilian co-operation is that although the Austral Plan came first, there was, it now emerges, a strong Brazilian intellectual input.

The basic idea behind President Raul Alfousin's Austral Plan was a price and wages freeze, combined with monetary reform, to defeat hyper-inflation.

The feasibility of such a plan was first considered at the Catholic University (PUC) in Rio de Janeiro in 1984 when a group of young economists began to cast around for models to combat Brazil's chronic — and rising — inflation.

The principal Brazilian academics involved were Mr Perso Arida, Mr Andre Lara Resende and Mr Francisco Lopes. Their ideas were picked up and discussed by visiting Argentine lecturers at the university, including Dr Roberto Frankel.

The cross fertilisation occurred when Mr Bernardo Grinspun was removed as Finance Minister by President Alfonsin in March 1985. His replacement, Mr Juan Sourrouille, brought Dr Frankel on to his staff. Co-ordination was sufficiently close that in May last year both governments were actively studying Israel's experience in stabilisation programmes and both sent experts to Tel Aviv at almost the same time.

While President Alfonsin decided to act after his economic team had been working on the Austral Plan for just over three months, President Sarney was more cautious. He waited a full six months until the end of this February. This delay allowed the Brazilians to observe the mistakes made by Argentina and also to prepare the ground for the stabilisation plan more thoroughly.

Brazilian economists like Dr Lopez also underline a fundamental difference in Brazil's favour. He says the similarity of aims and measures should not obscure the fact that in Brazil stabilisation was introduced after a year of high growth (8 per cent). In Argentina the Austral Plan was introduced after four years of harsh recession. Thus the comparative resilience of the two economies to stabilisation plans was markedly different.

However, the basic economic thinking behind the two plans was similar: that government deficits were not solely responsible for uncontrolled inflation and that it was essential to tackle what the Brazilian economists call "inertial inflation." This is the element of inflation caused by linking or indexing of large sectors of the economy whether wages, prices or interest rates to keep pace with, or even ahead of, inflation.

In both the Austral Plan and the Cruzado Plan, the authorities devalued the currency and introduced a new one (austral and cruzado): on the basis of 1,000 to 1. The substitution was geared to take place over 12 months with devaluations on a daily basis against the old currencies (peso and cruzeiro) because of the impact on rents and debt.

The table for regulating the devaluation of the peso against the austral and the cruzeiro against the cruzado was devised by Argentine economists. This is one of the elements "imported" by Brazil into its stabilisation plan. Both plans adopted similar exchange policies that stopped the former daily devaluations against the dollar and permitted instead, periodic adjustments.

In the case of financial reform, both plans acted to end the automatic linkage between inflation and interest rates on public debt, which effectively encouraged investors to put money in financial paper and not productive investment. In Brazil this was more pronounced and the measures required were more widespread.

Both plans also adopted indefinite price and wage freezes. But there were important differences here. The Austral Plan's price freeze was introduced after a series of very substantial price increases. During the 40 days prior to the measures fuel prices had gone up 10 per cent. It was, therefore, far more difficult to absorb the price freeze in Argentina without a roll-over effect from inflation. In Brazil, the authorities ensured through regular price increases that such a brutal realignment prior to the freeze was unnecessary. This meant that, while in the first month of operation the Austral Plan showed 8 per cent inflation, Brazil prices actually fell 1 per cent. The Brazilians also took the precaution of devising a new price index, while the Argentinians continued with their indices unchanged.

The Argentine approach to a wage freeze was also more draconian. Wages had been previously fixed a month in advance and with hyper-inflation this meant real wages were falling at the time of the freeze. In Brazil wages were adjusted to an average of the previous six months' inflation plus a small top up.

The difficulties that have emerged in implementing the Austral Plan can now be pinpointed, in the light of the Brazilian experience. These have stemmed from the smaller period of preparation, the large price rises before the freeze (which has meant inflation has had less chance to come down to acceptable levels) and the plan's introduction after four previous years of recession in Argentina.

In contrast the greater flexibility, better preparation, less brutal price increases and the continued strong growth of the Brazilian economy, provide a better chance of success for the Cruzado Plan.

President Sarney (left) was more cautious than President Alfonsin but this enabled the Brazilians to learn from the Argentinians' mistakes

Alfonsin in drive for industrial expansion

By Tim Coone in Buenos Aires

INDUSTRIAL modernisation and growth are now priority goals for the Argentinian government, President Raul Alfonsin said yesterday.

In a keynote state of the nation speech televised throughout the country, he said "growth is an essential condition for the maintenance of long-term stability. The advances achieved in the fight against inflation must now be followed by a clear and defined policy in fovour of growth."

The development of high-technology industries and greater co-ordination between the agricultural and industrial sectors were key elements of the Government's industrial modernisation programme.

Mr Alfonsin said the recently announced decision to move the capital to Patagonia in the south of the country was also an essential part of the Government's plan for the country's economic renovation.

Constitutional reforms would be necessary to deepen the process of democratisation of the country. Democratisation throughout South America was a prerequisite for greater economic co-operation on the continent.

Pact to fight cocaine trade agreed

FIVE SOUTH American nations have signed a co-operation pact to fight trade in cocaine which criminals in their countries illegally produce and export around the world, Reuter reports from Lima.

Representatives from Peru, Bolivia, Colombia, Venezuela, and Ecuador signed the "Rodrigo Lara Bonilla" accord, clearing the way for joint anti-narcotics campaigns and exchange of information on traffickers.

The countries supply over 90 per cent of the raw material for the world's cocaine, refining nearly all of it for export.

The accord was named after the Colombian justice minister gunned down exactly two years ago by assassins backed by drug barons.

The pact calls on the nations to introduce joint criteria on seizing the assets of traffickers and extraditing criminals participating in the narcotics trade.

"It (the drug trade) is the only successful multinational in Latin America because drugs are our only product which increase in price in markets where the rest of products slump in price," Mr Alan Garcia, Peru's President, said at the signing ceremony.

Canada begins reform of copyright legislation

BY BERNARD SIMON IN TORONTO

Canada has set up a C$3m (£1.4m) fund to compensate local authors for the use of their works in public libraries as a first step towards reforming the country's ontdated copyright laws.

The fund is a response to proposals made by a parliamentary committee last year in a "Charter of Rights for Creators" which called for more stringent and generous protection for many forms of intellectual property.

Although the Government has accepted the bulk of the report, it has not yet drawn up legislation to implement other recommendations, some of which are highly controversial.

An official of the Department of Consumer and Corporate Affairs in Ottawa said that priority is being given to three areas where reforms are viewed as particularly urgent.

One is to extend to computer software the same copyright protection applicable to literary works. At present, courts decide whether software qualifies for copyright protection during the author's life plus 50 years.

The department is also keen to reverse a trend in recent court judgments giving extended copyright protection to industrial designs. Industrial designs are normally protected for only 10 years.

Finally, the planned removal of criminal remedies related to copyright from Canada's criminal code has increased the urgency of including them in copyright law. The parliamentary committee recommended sharp increases in penalties for copyright infringements.

The department aims to draft legislation on these three issues by next autumn, subject to consultation with the Federal Department of Communications.

Other changes to the copyright law proposed in the parliamentary report are likely to take longer to implement.

For instance, US broadcasters and other television producers have pressed Canada for some time to compensate them for cable and satellite retransmission of their programmes. The cost of such royalties is estimated at between C$11m and C$82m a year, reflecting the wide viewership of US television programmes in Canada.

The report, published last October, also called for taxes to be levied on machinery and tapes used to record copyrighted material.

Republicans admit defeat on Contra aid strategy

HOUSE Republicans have admitted defeat in their attempt to win an unfettered vote on President Ronald Reagan's $100m (£66m) aid request for Contra rebels in Nicaragua, AP reports from Washington.

This virtually ensures that any military help would be tied with strings Mr Reagan does not want.

It marks another setback for President Reagan's plan to supply $30m in non-lethal and $70m in military aid to the Contras.

Mr Robert Michel, House minority leader, conceded that majority Democrats have the votes to delay indefinitely renewed House consideration of the plan.

Mr Thomas "Tip" O'Neill, House speaker, a Democrat, said he will bring the Contra aid issue to a vote during the week of June 9—but apparently in a form that has not been acceptable to Mr Reagan or the Republican leadership.

A key vote will be an amendment that would approve $30m in non-lethal aid but hold approval of $70m in military aid for a 90-day negotiating period.

WORLD TRADE NEWS

Seoul is optimistic about increasing its market share, **Andrew Fisher** reports

S. Korea shipbuilders profit from rising yen

THE SOUTH KOREANS, in their blunt way, have never made much secret of their intention to grab as many of the world's new shipbuilding orders as possible.

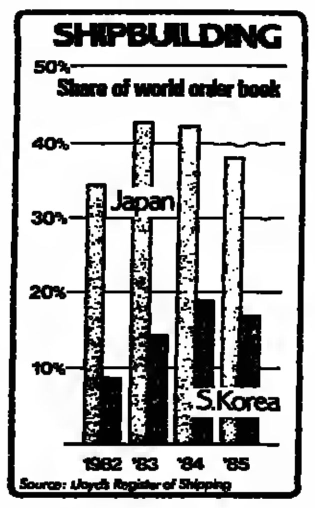
Fifteen years ago, they were hardly known in the industry. But then Hyundai built its big yard at Ulsan and Korea forced its way to the number two slot. Now, the surging yen gives it a chance to take an even larger share, as Japan's competitiveness is steadily submerged.

It is an opportunity they fully intend to take. "Japan is being hit by the rising yen," said Mr Kim Mahn-Je, Deputy Prime Minister and head of the Economic Planning Board.

"We are taking their share," he added. "Korea has a great price edge against Japanese ships. Demand is smaller, but we are optimistic about gaining market share."

The assertive message is one with which Korea's competitors have become all too familiar. Even so, with world shipping in the doldrums and owners scrambling to stay out of the bankruptcy courts, these are not the best of times for yards, even in Korea.

This month, Japan and Korea hold further talks in Seoul to try to bring some order to the market. They are likely to agree extensive production curbs, while Japan also intends to slash capacity further. At the end of 1985, Japan had 38 per cent of the world order book of 25.9m gross tons and Korea 17 per cent.



Over-capacity in world shipbuilding is huge. Japan, as the leading shipbuilding nation, is being hit hard by the slump in demand. Export orders have slumped. In Korea, the 1985 total of new export business was only $522m, against $2.3bn in 1984.

Against this dismal background, Korean shipbuilders seem remarkably cheerful, while admitting that profits are virtually non-existent.

"The strength of the Japanese yen has made us quite competitive," says Mr Y. S. Yoon, president of Daewoo Shipbuilding and Heavy Machinery.

Daewoo runs Korea's newest shipyard at Okpo on Koje Island. A predecessor of Mr Yoon, Mr I. K. Hong, said bravely in a speech in London in 1983 that Korea aimed to take the lead in shipbuilding, though others would later supplant it.

The remarks provoked a furore among European executives in his after-dinner audience. They did not like what they heard. But Okpo and the bigger Hyundai yard at Ulsan have won the world's biggest shipbuilding orders in the 1980s.

Okpo, near the southern port city of Pusan, cost $500m to build. Daewoo was virtually instructed to go into shipbuilding by the Government. The only problem was that this expansion came as the industry was ready to take a dive.

Okpo began in 1981 with a huge order book. Recently, it completed the largest merchant shipbuilding order ever, when it delivered the 12th container ship in a $570m contract for United States Lines.

But Daewoo's eagerness to gather orders also caused problems. It had to take on many outside contract workers to cope with rapid growth at Okpo. Stocks became expensively high and production controls were slack.

Mr Yoon was brought in last year to streamline the yard. Last year, the number of non-Daewoo workers was reduced from 14,000 to 10,000. Of the present 17,000-strong workforce, 12,500 are the group's own permanent employees. "Productivity is up by more than 35 per cent."

Korean yards are modern and productive. But Japan is way ahead on efficiency, though Korea aims to close the gap.

At Okpo, wages and bonuses total $450 a month, less than a third of the Japanese level. Korea's yards use about two and a half times the number of Japanese workers.

Despite slack times in shipping, Daewoo has been pulling in work. It has enough to last it until early 1988, an enviable position in the beleaguered shipbuilding industry.

It has just won an $81m contract to build two barges for a Dutch company, expects another order for a $30m car carrier from Norway—it is already building two—and is waiting for India to confirm orders for six edible-oil carriers totalling $100m.

"I think we can do better than break even on these new orders," says Mr Yoon.

At Ulsan, Hyundai has also been winning business. It is full until the first half of 1987, says Mr S. H. Hwang, senior vice president of Hyundai Heavy Industries. Profits have been falling and are likely to disappear this year.

"Now," Mr Hwang adds, "it is only the national lines which are expanding, while private owners are hesitating." Hit by falling freight rates and over-capacity, "private owners are very much frustrated and discouraged."

Both companies want to diversify. "Turnover on our heavy industry side is 65 per cent shipbuilding," notes Mr Y. K. Eum, executive vice-president of Hyundai Corporation. "We should like to cut this to 50 per cent in two years."

At Okpo, Daewoo is trying to bring the shipbuilding proportion down from 85 per cent to around 50 per cent by switching capacity to general engineering and industrial plant.

Many world yards, including Korea's, moved into oil rig building a few years ago. But lower oil prices have hit this business and orders have dried up.

The price cuts will lower shipowners' costs, however. Thus says a confident Mr Eum: "Korean shipbuilding still has a future. It will be the first to benefit from a recovery."

US wins A$500m helicopter contracts

By Emilia Tagaza in Canberra

THE AUSTRALIAN Government has awarded two contracts worth almost A$500m (£250m), to United Technologies of the US.

The order was won in the face of strong competition from France's Aérospatiale which offered its Super Puma helicopter.

Mr Kim Beazley, Defence Minister, announced that the first contract was for 14 Sikorsky Black Hawk helicopters which will eventually replace the Royal Australian Air Force's Bell Iroquois UH-1H helicopters.

The Air Force will acquire up to 100 helicopters under a new defence policy expected to be announced next month.

The second contract, worth A$188m, is for an additional eight Sikorsky Sea Hawks for the Australian Navy. The navy already has eight of these helicopters.

Mr Beazley said the two contracts will generate A$120m of new work for the Australian aerospace industry.

Under Australia offset rules, foreign suppliers of government contracts are required to pass on part of the work to Australian companies.

UK cheap credit for China proves hard to allocate

BY CHRISTIAN TYLER, TRADE EDITOR

THE £300m of cheap credit that Britain has promised to China is proving difficult to allocate because of big demand in both countries and the need to conform to British aid policy.

Exporters hoping to take advantage of the subsidised credit for funding projects in China may learn later this month how the money is to be allocated.

Chinese foreign trade officials today conclude 10 days of talks in London aimed at matching British and Chinese lists of suitable projects.

The talks are in preparation for the visit to Britain in two weeks of Zheng Tuobin, Minister of Foreign Economic Relations and Trade, when the soft loan agreement is due to be signed.

British officials have been looking seriously at "several dozen" UK applications, including bids from a number of household names, to use the highly concessionary finance. Some of the applicants, meanwhile, have complained at the slowness of the selection.

Although the talks were said by one ministry official to have gone "quite well," it appears there are several snags.

One is that China's shortage of foreign exchange has created a rush of interest from enterprises in China itself who are no longer able to pay cash for imports of machinery and know-how.

Many of these requests from China may be ruled out because the British loan is not intended to subsidise deals that would normally be done on commercial terms.

The Overseas Development Administration explained yesterday: "We are looking at developmental projects that represent good prospects for UK industry and sound economic and financial investment for the Chinese."

Behind the scenes, officials seem anxious not to "spoil" the Chinese market for the future by being too liberal with subsidised credit now. Other Asian markets have already been spoiled in this way, according to past government statements.

A similar snag on the British side was reported by one bidding company yesterday.

The number of applicants has been swollen by a decision to lower the qualifying size of China projects from £5m and over to £1m and over. It was suggested that the smaller fry may in practice fail to qualify.

The £300m-worth of soft loans was pledged by Britain in response to strong competition from other West European governments and Japan.

Industrialists, some of whom visited China on government trade missions, also demanded that a facility be set up.

The money will be raised by the banks, and the government will inject aid money over the life of the loans to produce credits costing only 5 per cent, repayable over 20 years.

Canada hopes rise as World Fair opens

By Bernard Simon in Vancouver

THE EXPO '86 World Fair opens in Vancouver today amid high expectations that it will be one of the most successful events of its kind in recent years.

Based on unexpectedly strong demand for advance tickets, the organisers estimate that around 5m people will visit Expo over the next five and a half months.

Although the fair is unlikely to make a profit, the deficit is expected to be kept within the original estimate of around C$300m (£25.2m).

In line with the theme of "world in motion—world in touch," exhibits centre on transport and communications. But the organisers have stretched the rules to give the fair a wider appeal.

Among other attractions will be visits by the Kirov and Royal Ballet Companies, an amusement park, and a large number of industry conventions.

Pavilions are located on two waterfront sites close to Vancouver's downtown area. They are connected by the city's new light rail rapid transit system.

The fair's 57 international exhibitors include the US, Soviet Union, China and Cuba, the first time that these four countries have taken part together in a trade fair in North America.

Britain has an especially strong presence and plans to use Expo as the centrepiece for a concerted trade promotion drive throughout Western Canada. Prince Charles and Princess Diana will officially open Expo '86 today and Mrs Margaret Thatcher, Britain's Prime Minister, will visit the fair in July.

Early planning and construction of Expo '86 were dogged by labour unrest and an unsettled economic and political climate in British Columbia.

But optimism has revived after an aggressive marketing effort in the US and Canada,

Japanese to boost overseas insurance cover

By Yoko Shibata in Tokyo

Japan's Ministry of International Trade and Industry (Miti) is to improve insurance coverage for Japanese companies' overseas investment.

The move is in response to growing pressure for Japanese business corporations to shift production overseas to offset the yen's steep appreciation.

The current overseas investment insurance has only a limited coverage of the commercial risks incurred by Japanese companies' overseas subsidiaries.

In addition Japan is planning to join the projected Multinational Investment Guarantee Agency (Miga).

The agency will be affiliated to the World Bank, and will reinsure against large-scale investment risks. It is due to be set up in fiscal 1987.

The Japanese government is to sign a protocol this year and will ratify the convention in the next Diet (parliament) session.

So far, tha Netherlands, Italy, South Korea, and Ecuador have signed the Miga protocol.

US turbines order for GEC offshoot

RUSTON Gas Turbines, part of GEC, has won an order worth £20m to supply power turbines to General Electric of the US, Nick Garnett writes.

The turbines will be used with GE's own gas generators for combined heat and power applications and in electricity generation.

Ruston declined to say how many turbines it would be supplying GE but the latest order follows two smaller orders over the past five years for 15 similar units.

The latest power turbines will be the largest built by Ruston and be capable of producing up to 66,000 hp.

VW's Golf/Jetta range leads Europe car output

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE VOLKSWAGEN Golf/Jetta range dominated West European car production last year, according to an analysis by the UK's Automotive Industry Data (AID) group.

Output of the models at VW's highly automated Hall 54 in Wolfsburg, near the East German border, was well ahead of the nearest rivals.

The Golf hatchback alone was still clear leader in 1985, with 648,096 built.

General Motors' Opel Kadette/Vauxhall Astra, also mainly built in West Germany, just pipped Italy's Fiat Uno for second place in the European production league.

Ford of Europe had more models in the top-ten list than any other manufacturer and its Escort/Orion range was among the five which reached more than 500,000 output last year.

According to AID, other cars in the European production top 20 were: BMW 3-series (287,157); GM's Opel Corsa/Vauxhall Nova (277,101); Citroen BX (252,197); Daimler-Benz Mercedes 200-series (212,527); Daimler-Benz Mercedes 190-series (211,804); Volkswagen Passat (208,538); Volkswagen's Audi 80/90 series (191,591); Volkswagen Polo (185,093); Austin Rover Metro (166,536), and the Fiat Regata (150,312).

AID says it ensured that there was no double counting for cars assembled in the UK and Spain from kits supplied from other European sources.

WESTERN EUROPE: TOP 10 CARS PRODUCED IN 1985

Manufacturer/ model	Total
1 Volkswagen Golf/Jetta	878,991
2 General Motors' Opel Kadette/Vauxhall Astra	576,351
3 Fiat Uno	555,572
4 Renault 9/11	537,167
5 Ford Escort/Orion	527,341
6 Peugeot 205	474,773
7 Renault 5	454,089
8 Ford Fiesta	343,726
9 General Motors' Opel Ascona/Vauxhall Cavalier	340,504
10 Ford Sierra	326,467

Source: Automotive Industry Data

هكذا من الأصل

A change of pace, but not a change of direction.

Since their inception the S-class and SL have always been the total embodiment of the classic Mercedes-Benz ideal that began the first century of motoring: the best, or nothing.

A fine balance of what is possible, what is desirable and what is expected. Many things are now feasible that were just emerging as bold ideas when the second generation S-class went into production over six years ago.

THE NEW MERCEDES-BENZ S-CLASS, SEC & SL MODELS

And today's S-class and SL models demonstrate how the new thinking that Mercedes engineers have taken on board relates to real progress rather than the dictates of fashion.

For this top-of-the-range series a completely new six-cylinder 3-litre engine has been developed alongside a new 4.2 V-8 unit and the proven 5 litre engine.

The new engines are more powerful and more silken than before.

Fine tuning of the S-class suspension has resulted in an even higher degree of smoothness and stability (rear seat passengers are now in for a quieter and more stress-free ride than ever).

The exterior, too, has become subtly more in tune with the air flow.

The observant will notice a deeper front spoiler, smooth side mouldings, and integral fairings that reduce drag and lift forces still further.

In all, the new S-class and SL range has a specification that goes significantly beyond the previous one.

Yet, reassuringly, very little appears to have changed at all. Which proves that consistency of direction is the surest way of achieving progress.

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Engineered like no other car in the world.

THE NEW SE & SL HAVE 3 ENGINE OPTIONS: 300, 420 OR 500. THE NEW SEL & SEC HAVE 2 ENGINE OPTIONS: 420 OR 500. LATER THIS YEAR, 560 SEL's & SEC's WILL BE AVAILABLE.

TECHNOLOGY

David Fishlock, Science Editor, on Mr John Fairclough, the government's new chief scientific adviser

UK science policy gets the IBM touch

"MY BACKGROUND is making money out of technology," says Mr John Fairclough. "I'm not o scientist—I really am not."

Yesterday Mr Fairclough officially hegan a two-year secondmont from IBM (UK)—for which be has worked for 27 years—to the Cabinet Office as the UK government's new chief scientific odviser.

A forthright Yorkshireman of 55, with an engaging grin, Fairclough is the antithesis of smooth Sir Humphrey of television programme "Yes, Minister." He makes it clear that he will be no lobbyist for academic science. He will not aven use the honorary doctorate academe has bestowed. He is proud of being an electrical engineer and "plain mister."

Yet the academic community, which once saw the post of CSA as its voice in the Prime Minister's ear, may find Fairclough a very staunch ally in pursuing at least soma of its aspirations: "small science" rather than soma of its grander schemes.

For the past two years be has been pumping IBM money generously into chosen British universities, through an educational schome called the IBM Institute. It hegins with the notion that computing should be taught less as a discipline and more as an all-pervasive skill thst anahles better research to he done in nny subject.

Fairclough has been inviting universities to bid for substantial packages of computing power and skills, worth up to £2m oach but available gratis, as teaching aids for the students. Beneficiaries already inclnde tho engineering department at Cambridge, chemical engineering at Imperial College, the Manchester Business School, and even PPE (politics, philosophy and economics) ot Oxford. Tho next will be biological sciences.

Ono way of seeing the Fairclongh initiative might be as the gesture of a rich foreign manufacturer seeking to infiltrate British universities with its wares. A more farseeing view would be that it is o clever way of helping to npgrade the infrastructure of British education ot e timo when the universities complain they are very hard-pressed for cash.

More obviously self-serving for IBM interests in his recent commitment of about £2.5m to computer integrated manufacturing (CIM) studies at tha Cranfield College of Technology. At its plant in Greenock, near Glasgow, which is the centre for all its personal computer production in Europe, IBM believes it bas one of tho most advanced examples of CIM coming on-stream. Cranfield will help keep o key manufacturing technology edvancing in Britain, and will train IBM's future managers and — a growing worry, bo stresses — those of its British suppliers.

Fairclough walks into the Cabinet Office as a company man, still on the IBM payroll, seconded initially for two years. Unlike his predecessor, ho will carry no civil service grading. (Sir Robin Nicholson, who vacated the post in January to join Pilkington, was a depnty secretary.) "I'm not a particularly status-conscious chap." says Fairclough. "I shall be my own man."

As Sir Robin discovered, since the CSA hss no money to spend, it is all down to whom ho can influeoce, right up to the PM herself. He was undenlahly successful, and recommended Fairclongh as his successor. Already Fairclough bas prevailed upon Sir Robert Armstrong, hesd of the civil service, not only lo give him the "freedom not to get huried in Whitehall hierarchy," but also to persuade the new IBM (UK) chief executive, Mr Tony Cleaver, to second him at his IBM salary (which substantially exceeds that of Sir Robert himself).

Tbe next big test will surely be how freely he mixes with the mandarins.

Fairclough hrings e rich spectrum of experience to Whiteball, spsnning development of the IBM 360 series in the mid-1960s, a spell as marketing director aiming particularly at the City, and another as a general manager in the US. Since 1974 bo has beeo responsible for research, development and manufacturing in Britain, where IBM has a development laboratory omploying 2,000 and factories employing 5,000.

It is some measure of the job he leeves thst it is being filled hy two senior IBM executives.

Above all, he hrings a conviction that science needs much more skilful management in Britain, snd that IBM has a philosophy here wbich should be spplied much more widely. Britain is a naturally inventive society. "It's the pull from industry that is tho major problem."

Tbe trick, he says, is to separate research cleanly from the pressures of development and production — without ever losing sight of the science. Instead of "R snd D," resoarcb should remain the responsibility of scientists, while development should report to s project maneger held accountable all the woy to the marketplace.

Smooth transfer of science ecross the divide between research and development has been a vital part of his job for over a decade. It begins with fnnding the scientists adequately and independently for objectives relevant to the corporate goals, and ensuring that tho project managers have every incentive to dip constantly into that science.

Fairclough admits that he does not yet know how far the IBM model will apply nationally to Britain's weaknesses in exploiting scieoce and native inventiveness. "But it's a good starting point."

He fears, from his own recent experience of life in the universities, that there is a danger already that Britain's pure science base is becoming overdiluted with development work from industry, at the expense of producing new science for future generations of prodncts.

Mr John Fairclough believes science needs much more skilful management in Britain

US system for word processing in Chinese

By Geoff Charlish

WHEN IT comes to word processing, the Chinese have a problem. There is no alphabet, no straightforward method of typing and any uttered sound has a meaning determined by the intonation. Each verbal variation has a written character of its own, giving rise to many thousands of characters.

The problem arises from the fact that all sounds in Chinese are single syllable, and since there is a limit to the number of such sounds a human can utter, the Chinese have had to allocate many meanings to them.

Nevertheless, the potential word processing market is immense and a Minneapolis company, Intech Systems, has set about exploiting it with a $3,500 desk top machine. This has a touch sensitive screen but no keyboard, and is connected to a disk store and a high definition dot matrix printer costing an additional $1,500. Versions are available that have either 6,000 or 13,000 Chinese ideograms in memory.

The problem is to extract the ideograms the writer wants and assemble them in text. Fortunately, there are established "Westernised" versions of Chinese sounds, widely known by educated Chinese. One is Pinyin, which uses English characters in groups to simulate the basic sound.

The user of course knows the ideogram he wants, and the phonetic Pinyin version, for example, "wan." On an initial screen display, the Roman alphabet is shown and the user touches the "w." The next screen brings up all the sounds that start with "w" in their Pinyin forms — wang, wing, we, etc, and wan. He touched "wan" and the display changes to show all the ideograms with that basic sound, in intonation groups.

Touching the required ideogram shifts it to an "assembly line" at the top of the screen. Repetition of the process for all the following ideograms gradually builds up a line of text.

Intech claims that, unlike most Chinese text machines with keyboards, very little training is needed and the new system is relatively fast. After blocks of text are built up (either vertically in traditional Chinese style or in western left to right fashion), the normal word processing functions are available to correct or rearrange the text.

Apart from its "stand alone" role the machine, designated CP2064B, can be connected to existing personal computers and minicomputers / mainframes, of which there are thought to be 120,000 and 1,200 respectively in China.

No-winding motor from Japan

SMALL MOTORS that use sonic vibrations to generate motion have been developed by Matsushita and could be marketed next year.

Instead of electric currents that generate magnetic fields to cause mntien, the new motor makes use of piezo-electric trandncers, crystal-based devices which prodnce small oscillating movements and forces in sympathy with opplied alternating voltages.

An arrangement of the transducers (not revealed by Matsushita) embedded in a stator causes a circle of metallic segments tn vibrate, so that rotation occurs in the disk or ring rotor with which they are in contact. Tho stator turns the rotor by frictien. Matsushita claims that 45 per cent of the input electrical power is converted to mechanical energy.

The simple structure means that lightweight and compact motors with high torque at low speed can be designed. Other advantages claimed are a high holding torque when stationary and stable control of low-speed rotation.

Likely applications will be in camera zoom drives, industrial robots and car equipment. Matsushita's brands include National, Panasonic, Technics and Quasar.

WORTH WATCHING

EDITED BY GEOFF CHARLISH

OPTICAL DISK subsystems have been launched by Sperry for the Series 1100 mainframe computers, providing over 2.6bn bytes (characters) of storage per double-sided platter. Sperry offers systems bolding up ta 330bn characters (330 gigabytes) of data.

Based on Hitachi non-erasable optical recording units, the subsystem is used to write data once only and then read it many times.

Optical disk storage is well suited to keeping large amounts of data on-line and also for archiving information. It work well in tandem with magnetic storage, which is applied to high-speed read and write while the optical disks are used to hold mass data that is less freqnently used, with interchange on and off the magnetic disks.

TELEPHONE testing systems that reduce maintenance costs and can pin-point faults have been developed by Teradyne, the US-based automatic test equipment company in Bracknell, UK (0344 426899).

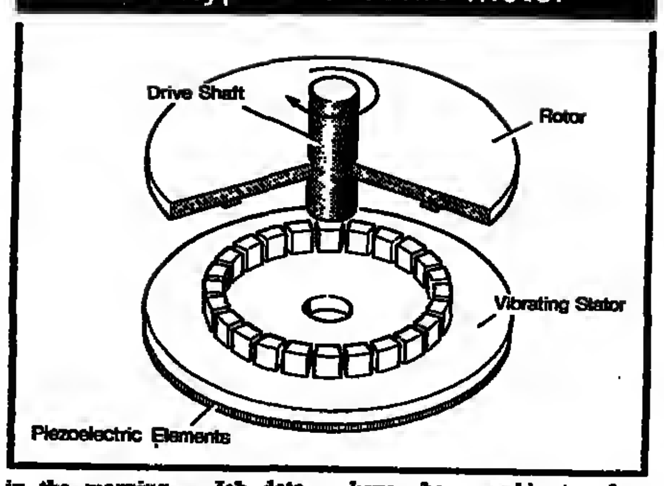
For example, with liberalisation and the proliferation of customer-connected equipment, phone companies need to know if a fault is theirs, or the customer's. So Teradyne has devised a small unit called D-MARC which is used remotely from a telephone repair centre. The line is examined electronically as far as the D-MARC box and if the fault is not revealed a pulse is sent which opens tha premises to further testing.

Teradyne has also developed a CDS or craft dispatch system, which obviates waiting problems when many field service engineers try to ring in for instructions first thing in the morning. Job data previously entered intn a central memory by the dispatchor can be quickly accessed as a recorded voice message when the field engineer keys in the right codes.

MOORING LINE tension monitoring systems worth £400,000, made by Isle of Wight (UK) company Strainstall for oil and gas tankers, have been sold to four Jopanese companies in Tokyo, Osaka and Chubu.

Line loading signals from up to 40 mooring lines, measured by transducer, are relayed tn a dock-side computer that records the tension in each line and then simulates the situation on a visual display screen. Overloads and underloads are shown, and alarm signals sound in dangerous situations.

Disc-type ultrasonic motor



BICC boost to machine safety

MACHINE SAFETY systems for industry have been introduced by BICC Electronic Cables (051-430 2615) for use where personnel must be protected from moving machinery.

Called Pressline, the system is based on a robust, pressure sensitive electric cable and is a cost offoctive slternative to mechanical pull wires, panic buttons, pressure mats and limit switches.

When the cable is pulled, bent or compressed, electrical resistance between the two condnctors changes, causing an electric monitor ta stop the machinory.

INTERGRAPH

AN article on April 17 stated that Intergraph's share of tho Cad-Cam systems market fell last year. The company has asked us to point out that its total sales last year rose 30 per cent, faster than the estimated 23 per cent growth of the total US industry.

Smaller companies make better use of research

BY PETER MARSH

SMALL technology-based companies are mnch more efficient than larger ones in converting cash spent on research and development (R and D) into products, according to a US study.

Companies with sales of less than $100m are likely to prodnce roughly six times as many prodncts for a constant amount of R and D spending as enterprises with an annual turnover above $4bn.

According to the data, based on 1982, a company in the first category produced 3.76 products for every $1m of R and D. The larger companies turned out just 0.59 products for the samo expenditure on research.

For all onterprises surveyed, with turnovers ranging from less than $100m to above $4bn, the rate of emorgence of new products was 1.75 for every $1m of research.

These results are in a mass of data in a 314-page compendium of statistics related to international science and technology from the US National Science Foundation. The document is Science Indicators 1985, US Government Printing Office, Washington DC 20402.

UK NEWS

Rothmans shuts factory and sheds 793 jobs

BY OUR BELFAST CORRESPONDENT

ROTHMANS (UK) yesterday announced the closure of its cigarette factory at Carrickfergus, near Belfast, Northern Ireland, with the loss of 793 jobs.

Production is to be concentrated at the company's factories at Darlington and Spennymoor in north-east England where it will achieve reductions in management costs and other overheads.

The announcement caused further worry in Ulster, Northern Ireland, particularly in the east Antrim area, where the plant has operated since 1964. In the past week other companies in the area have announced more than 200 redundancies.

Rothmans said the factory was closed on August 15 and blamed falling sales brought about by excessive UK tax, a depressed overseas market and the influx of imported cigarettes, mainly from West Germany.

The decision was taken after a review of UK cigarette production capacity following the 11p increase on cigarettes in the budget.

Rothmans has the capacity to produce 32bn cigarettes a year, but it is believed that its production into 1987 indicated sales would be about 12bn below that figure.

Mr Tom King, the Northern Ireland Secretary and his officials intervened with the parent company, Rothmans International Tobacco, but was unable to reverse the decision despite offering government assistance.

UK cigarette production fell 4.5 per cent last year as cheap imported brands continued to make inroads into the market, Imperial Tobacco has said. But consumption fell by only 1.5 per cent despite a duty increase equivalent to more than twice the rate of inflation and the growing pressure from anti-smoking campaigners. Imperial, which closed its Newcastle-upon-Tyne works in December with the loss of 600 jobs, said the drop in output was steadying now that UK makers had responded.

Mr Tom Rainey, operations manager of Rothmans at Carrickfergus and chairman of the Northern Ireland council of the Confederation of British Industry – the employers' group – said that while the Ulster factory produced only for the UK market, a decrease in overseas sales had also been a factor.

Rothmans has been the largest employer in Carrickfergus since 1981 when Courtaulds and ICI closed their man-made fibre plants. Local politicians and union leaders said they were appalled at the economic consequences of the latest closure.

Mr Rainey said a large proportion of sales in areas such as the Middle East were to immigrant workers and many of those had returned home since the fall in oil prices had reduced the work available to them.

In addition, many countries were building trade barriers against imports, leading to an increase in local manufacture at the expense of UK production.

In January 1984 the factory escaped closure when Rothmans shut its plant at Basildon, with the loss of 1,200 jobs, as part of a similar rationalisation.

Dr Rhodes Boyson, Minister of State for Industry in Northern Ireland, called the closure a tragedy. The significant reduction in the number of smokers was a key factor but Rothmans had also been losing its share of the declining market.

● Sir Charles Carter, chairman of the Northern Ireland Economic Council yesterday called for "immediate and very substantial action" to support the region's economy. He warned the Government that the economic decline in Ulster could cause further violence, making the province ungovernable.

SIB plans to revise draft business rules

BY BARRY RILEY, FINANCIAL EDITOR, IN LONDON

THE Securities and Investment Board (SIB), the new top regulatory body for the investment markets, plans to revise its draft conduct of business rules after reactions to its original proposals published in February.

The requirement for investment firms to obtain annual client agreement letters is likely to be eased, and tough restrictions on so-called "soft dollars," or the payment by investment managers for goods and services through diversion of broking commissions, may be relaxed.

SIB is also expected to create a new category of sophisticated private investor, distinct from the previously proposed classes of private customers and professional or business investors.

The period for public comment on the draft rules elapsed at the end of April and SIB is now assessing the responses before issuing a further draft, probably in June.

Stockbrokers, in particular, have complained about the requirement to obtain annual signatures on customer agreement letters, and it is likely that agreements with active clients – transacting several bargains each year – will remain valid indefinitely.

The original rules on best execution and soft dollar payment for services have been criticised as representing, in particular, a threat to the availability of research to investment institutions.

For example, Mr Peter Stormonth-Darling, head of Mercury Asset Management, the fund management arm of the Warburg group, told a City of London conference yesterday that if interpreted literally the best execution rule would force fund managers to deal only with market makers directly and not with agency brokers providing research.

"It should not be the function of the regulators to precipitate that process," he said.

Now it appears that SIB will relax the rules, but will still require disclosure to clients when commissions have been used to pay for services.

The need for a new class of sophisticated private investor has arisen because of fears that the existing private client rules would be too restrictive for wealthy, experienced private investors.

There is a risk that clients might see the rules as obstructive and might collaborate with securities firms in breaking them. But SIB's rule drafters are still concerned in case rich but naive investors might be persuaded to sign away their rights, and a test of experience of markets is likely to be incorporated in the new regulation.

CONSUMERS' GROUP CALLS FOR EVACUATION TEST REVIEW

Aircraft safety criticised

BY CHRISTOPHER PARKES IN LONDON

THE CONSUMERS' Association has called for a fundamental review of the 90-second evacuation test which all new aircraft have to pass before they are granted a type approval certificate.

A report in the association's publication Holiday Which? claims the rules governing the conduct of the tests are unsatisfactory and points out that smoke may make people unconscious in much less than 90 seconds.

A record 2,129 people died in aircraft accidents last year, the magazine says, but flying is still safer than car travel in terms of deaths per 1,000 miles.

Even so, more should be done by airlines and passengers to make it safer. The report points out that in 80 per cent of crashes where people have died there have also been survivors.

It recommends:

● More international agreements on safety standards, otherwise airlines may be tempted to fly under flags of convenience from countries with lax rules on pilot hours, training and aircraft maintenance.

● Emergency smoke hoods to filter out toxic fumes.

● Cabin panels and lockers made of new materials which do not give off toxic smoke when they burn.

● Clearer instructions on how to open emergency exits.

● Trials with aft-facing seats already in use in the Royal Air Force.

The report also calls for an increase in the Warsaw Convention compensation limit for crash victims. It has not been raised since 1955 and is now worth less than £13,500.

● The Civil Aviation Authority said yesterday that it believed the Consumers' Association had "misunderstood" the 90-second rule. "It is not a rule applied to aircraft in any sort of accident," it said, claiming that aircraft could be evacuated in less than 90 seconds in some accidents.

New Irish airline takes off

RYANAIR, Europe's newest airline, was launched in Dublin yesterday and is set to become the first independent Irish airline to offer scheduled services between London and Dublin, writes Lynton McLain.

Mr Eugene O'Neill, managing director, described the recent European Court of Justice ruling on airline competition as "the most significant even in European aviation in 50 years".

Ryanair was planned before Wednesday's historic ruling from the Court of Justice which states that airlines are subject to the EEC's rules of competition and should not operate price fixing cartels.

The airline is to offer unrestricted services four times a day between Dublin and Luton airport, north of London.

The return fare on the route starting on May 23 will be £94.95 compared with £170 unrestricted return fare and £85 restricted single fare offered by British Airways and Aer Lingus, between Dublin and Heathrow. Ryanair's single fare is £59.

Ryanair is a privately owned airline and its chairman is Mr Tony Ryan, also chairman of Guinness Aviation of Ireland. He has none of the £2m authorised shares issued for the airline, most of which are owned by his two sons, Declan Ryan and Cathal Ryan. The airline plans to offer 20 per cent of the equity to its 100 staff and will seek a full flotation on the Dublin and London stock exchanges in the near future.

Men and Matters, Page 20

□ THAMES TELEVISION, the largest independent television company, will this month launch a television advertising campaign to sell itself to the public.

A corporate image building campaign featuring its programme range and foreign sales record will be the first round in the battle to broaden its share structure through a flotation of just under half its shares.

□ LABOUR PARTY stands to make big gains in London in next week's local elections according to an opinion poll by the Harris Research Centre which puts Labour support at 45 per cent, of those certain to vote, ahead of the Tories at 33 per cent and the SDP-Liberal Alliance at 19 per cent.

□ ROYAL NAVY has released details of a £220m refitting base to be built at Rosyth on the Firth of Forth in Scotland for its new fleet of Trident nuclear submarines.

Part of an infrastructural development already revealed in outline, the complex will include two covered dry docks, workshops, offices and facilities for handling nuclear fuel.

□ ICI has won the final round of a four-year battle with the Government over what it saw as unfair tax advantages that its oil company rivals. The House of Lords has refused leave to the Government to challenge a Court of Appeal ruling in ICI's favour last February.

N. Sea suppliers call for labour costs cut

BY DAVID THOMAS, LABOUR STAFF

SUPPLY COMPANIES in the North Sea have asked their workforces for cuts in labour costs of between 25 and 30 per cent because of the depressed outlook for North Sea development in the wake of the fall in oil prices.

Other companies associated with the oil industry have announced job cuts as a result of the falling oil prices.

Moreover, the British seafaring unions have recently been faced with demands from shipping companies outside the North Sea sector to cut labour costs drastically in order to improve competitiveness.

The General Council of British Shipping is negotiating with the unions on behalf of the six supply companies which have demanded these savings from July 1: – Seaforth Maritime, Sterling Shipping, Wimpey Marine, Maersk Oil and Salveson.

The employers have suggested two main ways in which these savings can be obtained to the unions concerned, the officers' union, Numast, and the National Union of Seamen.

First, workers on the supply ships should move from working one month on and taking one month off, to working one month on and taking two weeks off. Second, they should accept pay cuts, as yet unspecified.

Mr Jack Brodley, Numast executive officer, said yesterday that the proposals could lead to redundancies of up to a third among the more than 1,000 workers affected by them.

The NUS is due to discuss the proposals in Aberdeen today and Numast is calling a delegate conference on them next week.

● Crew members of Townsend Thoresen's Portsmouth ferries voted to continue striking yesterday after the company had served injunctions on officials of the National Union of Seamen ordering them to call the strike off.

The injunctions were granted because of the lack of a properly conducted secret ballot and because the strike was illegal secondary action.

However, the crew members on the Free Enterprise V and the Dragoon voted yesterday by 63-3 and by 51-11 to continue striking.

Townsend's ferries on the Cairnryan to Larne, Northern Ireland route remained disrupted, as did those from Felixstowe, the port where the dispute over manning levels began.

The dispute also had some impact on Townsend's Dover services.

● UK Energy consumption was rising consistently, even before the full impact of lower oil prices, according to statistics in April's edition of the Department of Energy's Energy Trends, writes Dominic Lawson in London.

European financial service market urged

BY ERIC SHORT

EUROPE must create a common market in financial services if it is to compete effectively with North America, warned Mr Joe Palmer, group chief executive of Legal and General, one of Europe's largest insurance and pensions groups.

He told delegates yesterday at the International Management and Training Executives' conference in Lugano, that Europe had dragged its feet for too long in creating an international financial services industry.

He pointed out that in theory there was already freedom of financial services within the EEC, but it did not exist in practice.

Mr Palmer told delegates that there was a revolution taking place in financial services throughout the world, but Europe just simply was not exploiting the potential market. He claimed that if Europe was to be a power to be reckoned with in retail financial services then there must be freedom to provide services across national borders.

He referred to the example of freedom of services for insurance within the EEC. Negotiations were started as long ago as 1975 to make international insurance sales possible under the Treaty of Rome provisions that restrictions on sales should be progressively abolished.

The Community was still to sort out the rules that would enable an insurance company in one country to sell its services in another without being established in that country.

Mr Palmer claimed that a financial services company wanting to expand within Europe still had to satisfy the bureaucratic arrangements of those countries concerned.

Instead, he claimed that bureaucracies did everything to impede progress. A company needed to command a sufficiently large slice of its national market that would enable it to compete in a global league.

Austin Rover offers on cars 'could start battle'

BY JOHN GRIFFITHS

AUSTIN ROVER has been offering its dealers 28 per cent discounts and three months' credit on Metro, Montego and Maestro models registered as demonstrators or courtesy cars during April.

Rivals within the industry claimed the move by Austin Rover could precipitate a major new round of discounting and incentives which have been at a relatively low level since the start of the year.

"This could set the whole market ablaze," one executive said last night.

The offer provides margins of 10-11 per cent above normal levels and involves Austin Rover bearing substantial interest charges.

Austin Rover's action is understood to have been initiated as a result of its sharp fall-off in market share during the past several months, for which Mr Ray Horrocks, BL Cars' chief executive, blamed the uncertainty created around BL by the aborted takeover talks with Ford and General Motors, and the bidding for Land Rover.

For much of March, Austin Rover's market share was running around the 13-14 per cent level: well below its hoped-for 17-18 per cent. Until the past few days – during which dealers have moved to take up the offer – Austin Rover's market share had been at a similarly low level. Statistics to be published next week are likely to show it with a share for the full month of 15-17 per cent.

A spokesman said last night that the company had decided to make the offer "some time ago." He denied suggestions from within some parts of the industry that it was a "panic" measure.

Ford and Vauxhall/Opel, Austin Rover's main rivals, have both backed away from the heavy incentives which took place in the new car market last year.

BL'S FIRST FULL-TIME CHAIRMAN TAKES OVER

Day hopes for period of stability

FINANCIAL TIMES REPORTER

MR GRAHAM DAY yesterday took over as full-time chairman and chief executive of BL, the state-owned vehicles group, and urged employees not to see his arrival as a threat.

"I might be the latest harbinger of change but wait to see how change affects you personally and see how it affects the business which presently employs you," he said. "I believe on balance everything I do will be designed to help the business and be positive for the majority of employees."

Mr Day, a Canadian lawyer who ran Cammel-Laird shipbuilding group in the 1970s and joins BL from British Shipbuilders, where he was chairman, was Mrs Thatcher's personal choice to become BL's first full-time chairman since Sir Michael Edwardes' departure in 1983.

He refutes suggestions that he is a "hatchet man."

"I sell reality. I don't deceive people, I don't lie and I don't bluff. And I think in the past I have been able to save jobs – although never as many as one would have liked. I also think that what I have done, wherever possible, is to preserve the preservable jobs."

On the possibility of big changes among senior BL management, Mr Day said: "I'm looking forward to working with anybody who can do the job. We don't have to like each other, but we have to have an effective working relationship. I look for professionalism and confidence."

Mr Day said he was bringing to BL "pretty good nerves, pretty good health" and added "I don't panic easily."

He hoped for a period of stability and calmness to remove the uncertainties recently surrounding BL over the possible sale of Austin Rover to Ford and Land Rover-Leyland to General Motors of the US.

He arrived at BL's corporate headquarters in Uxbridge, West London, just after 8am yesterday, recreated his arrival several times for the television cameras which were late and then called together the staff for an introductory session.

He introduced Mr Peter Thompson, the former civil servant who has been on secondment to British Shipbuilders but has now joined BL as director, policy and government relations.

Mr Day also revealed that Mr John Pullen, director of corporate relations at British Shipbuilders, will also be joining BL shortly.

He said he intended to set up with a small team – perhaps 30 people – in central London but the rest of the BL corporate staff would remain at Uxbridge.

"It is very sensible to have certain things conducted from Uxbridge – it is less expensive – but the reality is that a whole range of things like government and the banks are in London. The third parties with whom one has to deal are not necessarily thronging around Uxbridge."

Legal Notices

Registered in England No. 1694872
IN THE MATTER OF THE COMPANIES ACT 1985
AND IN THE MATTER OF
C. S. CARPETS LIMITED
Registered Office:
4, Charterhouse Square,
London EC1M 6EN

NOTICE IS HEREBY GIVEN pursuant to Section 588(2)(n) of the Companies Act 1985 that a Meeting of the Creditors of the above-named Company will be held at 4 Charterhouse Square, London EC1 on 15th May 1986 at 12.00 noon for the purpose mentioned in Section 588(3) et seq of the said Act.

Dated this 23rd day of April 1986.

By Order of the Board
C. E. STACY, Director

IN THE MATTER OF
RUMIC ROOFING LIMITED
AND IN THE MATTER OF THE
COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named company, which is being voluntarily wound up, are required, on or before the 27th day of May, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned
KEITH DAVID GOODMAN, FCA,
of 30 Eastbourne Terrace,
London W2 6LF
the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 15th day of April, 1986.

C. K. D. GOODMAN, Liquidator

FINANCIAL TIMES

PUBLISHED IN LONDON • FRANKFURT • NEW YORK

Head Office: The Financial Times Ltd, Bracken House, 10 Cannon Street, London EC4P 4BY. Telex: (Editorial) 8954871. Telex: (Advertising) 885033. Telephone: 01-248 8000. Frankfurt Office: The Financial Times (Europe) Ltd, Guiollettstrasse 54, D-6000 Frankfurt-am-Main 1, West Germany. [illegible]

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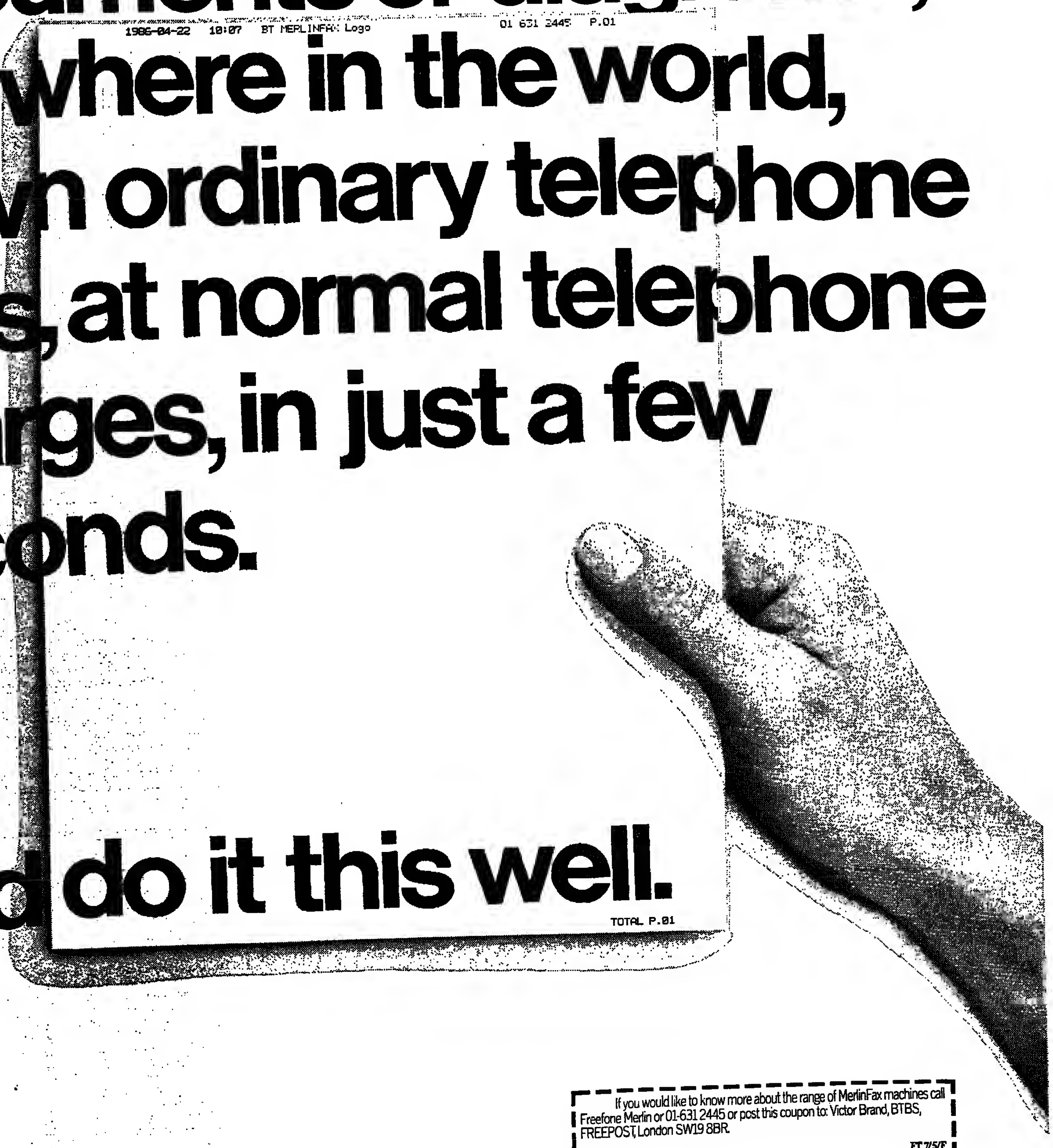

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THE PROPERTY MARKET BY WILLIAM COCHRANE

Manhattan transfer for 'the Garden'

US CONGLOMERATE Gulf & Western Industries is planning a US$1bn (£645m) commercial property complex comprising 4m sq ft of offices and 500,000 sq ft of retailing and transportation space on the site of Madison Square Garden, the famed arena in midtown Manhattan.

G & W announced a scheme this week to pull down "the Garden" as part of a $1.2bn redevelopment project and rebuild it above a railway storage yard two blocks west of the present site.

The project, regarded as ambitious by some observers given the very complicated land use and real estate regulations in New York City, will also involve extensive renovation to the transportation amenities in the Pennsylvania Station below the existing Madison Square Garden.

The rationale behind the project is to build an ultra-modern arena which will be more efficient and financially more profitable than the current arena which, says G & W, is "unworkable."

The current Madison Square Garden site covers roughly five acres. Rezoning will be sought to build the 4m sq ft of offices in two or three towers, on the ½m sq ft base formed by the retailing and transportation facilities.

Gulf & Western, a film production, financial services, publishing and consumer products group, says that it bought the air rights above the Pennsylvania Station in 1976 for roughly $30m.

The company plans to raise the capital for the redevelopment project from outside investors. The project hinges on city co-operation in getting a rail link to the new arena and, of course, on the aforementioned investor interest.

What the project may be worth is anyone's guess. Suffice it to say that completion is not planned before 1994 and that some pundits have been forecasting a medium term rise in office rents from $40 for new space downtown (and up to $55 in some mid-town cases) to between $70 and $75 a foot.

● Larry Wyman, executive vice president of Howard Ronson's HRO International, is developing, and marketing a 1.2m sq ft building, Financial Square, on the last full block site in lower Manhattan. He said this week that he had leased 558,000 sq ft to Thomson McKinnon.

"There is a very real shortage of prime new space in New York's financial district," he says, "but that has left old space at $20 to 30 a foot having difficulty in attracting tenants without substantial capital investment."

Great Portland deal

GREAT Portland Estates, seen by some as another potential takeover victim after Stock Conversion's fail to P & O this week, is quietly getting on with its business—and making life just a little more difficult for any predator in the process.

This week it took six office investment properties from Abbey Life for £10.2m, £5m in cash and the balance in new ordinary shares representing nearly 2 per cent of the enlarged Great Portland equity. Last year it added 5 per cent to the equity in its acquisition of Limco.

The shares have been trading this week at a 10 per cent discount to stated net assets of 202p a share, although more up to date estimates range up to 215p. This hardly puts Great Portland in the helpless victim category and Richard Peskin, chairman as well as managing director since February this year, concurs.

"I don't feel under siege," he said yesterday. "We have been doing this sort of deal for years. Naturally, we are delighted to welcome Abbey Life as a substantial shareholder, and I anticipate that this deal will herald an even closer relationship with them over the coming years."

Swindon prospect

ONE OF the best commercial and industrial development sites to emerge in the south of the country lately is the 150-acre former railway works site in fast-expanding Swindon, but it is a plum that may not be easy to pick.

Since the recent closure of the railway works, a number of approaches have been made to British Rail Engineering regarding redevelopment, but so far there has been little response to these.

BREL faces a considerable number of problems relating to the key site, which opens up a large central area of the town for development, perhaps even including a high-tech project such as Sun Alliance's trend-setting Kembrey Park in Swindon.

An undertaking has been given by BREL to create jobs on the site, part of its £1.25m scheme to help workers, and this will have to be taken into account in any negotiation with potential developers.

In addition, there are a number of listed buildings on the site, which are being promoted by local people as ideal for a new railway museum, which could cost up to £10m to complete.

Finally, ground conditions on much of the site are poor, due to railway use over many years, and the cost of infrastructure work will be high.

Nevertheless, developers seem undeterred, perhaps believing that BREL will be tempted to tively low price, provided the right assurances are given on the kind of development planned.

The BREL book value of the land is understood to be around £30,000 an acre, compared with a value of about £150,000 an acre for fully serviced land in prime areas of Swindon.

Mr Philip Loveday of local agents Loveday and Loveday said that an offer had been made on behalf of a client for an additional 40 acres of BR land at Mannington, near the main site, which could be developed as a separate entity.

"We believe that this development could be a catalyst for the remainder of the land, which could include offices, high tech retail and housing. This is a very large site, and would have to be developed over a period of years," he said.

Piecemeal work on roads and services would prove to be very costly, he added, and it was therefore desirable for co-ordinated development to take place. "It is a very attractive piece of development land if tackled in the right way," he said.

A number of inquiries for occupation of existing buildings on the site have received non-committal responses from BREL, indicating that it is looking for a comprehensive redevelopment deal.

LORNE BARLING

Morgan Grenfell extends

ADHERENTS to the theory that the City of London's new mega-corporations will all need mega buildings to live in may like to look at the occupational plans of Morgan Grenfell—the city merchant bankers who are also the proud proprietors of agents Michael Laurie.

Planning permission has been granted for, and Morgan Grenfell will occupy, a £10½m office development at Throgmorton Avenue in the City designed by the Rolfe Judd Group Practice for MEPC. Construction work is due to commence later this year for completion in September 1988.

The 87,000 sq ft development (65,000 sq ft net) is located at 11, 13, 17 and 19 Throgmorton Avenue and 21 Austin Friars in the heart of the old City, and will be occupied by Morgan Grenfell as an extension to its adjacent headquarters.

The facade to 21 Austin Friars will be retained. Otherwise the whole development will be a new design, but one in keeping with the Bank of England conservation area, say Rolfe Judd.

Although this is one development it will look from the outside like a number of buildings, six or seven storeys high with basements. No 17 is to be linked to other parts of the developments with a small atrium.

Speyhawk claims poll success

SPEYHAWK, battling with Greycoat over the retailing future of Wimbledon's town centre, claimed this week that local opinion was overwhelmingly in favour of its 350,000 sq ft scheme on the town hall site.

It says that a MORI poll was conducted by interviews of 634 Wimbledon residents in two zones around the town centre, 0-5 minutes' driving time representing 30,000 residents and 6-10 minutes representing 100,000 residents.

Speyhawk says that 71 per cent of interviewees were in favour of its scheme, and only 17 per cent were against. Both Greycoat and the Wimbledon Town Centre Co-ordinating Group has distributed broadsheets throughout the borough, it says, inviting residents to write to the Secretary of State for the Environment, asking him to call in the Speyhawk planning applications.

The direction of the Environment Secretary to the London Borough of Merton to determine the application is expected shortly.

● Kenneth Ryden's 18th Scottish Industrial and Commercial property review, prepared in conjunction with professor Donald MacKay and his PEIDA team of economists, looks for the Scottish economy to be less buoyant than the rest of the UK in the immediate future, but more encouraging in the longer term as a result of (a) lower oil prices and (b) the pick up in non-oil related activity.

● Barnsley Metropolitan Borough Council, advised by Donaldsons, has short listed Arrowcroft, French Kier, Greycoat Shopping Centres and Lovell Developments for what is likely to be a covered scheme of more than 150,000 sq ft gross.

The Wesley Street/Sheffield Road shopping site is adjacent to the town's prime retailing pitch in Cheapside and Norwich Union's Metropolitan Centre, which is shortly to be refurbished.

● Scottish Widows, advised by Jones Lang Wootton and Chapman Petrie, has bought the freehold of 100 Fenchurch Street in the City of London for £4.65m, reflecting an initial yield of just under 6½ per cent.

● Agents St Quintin have set up a new joint venture with Huberth and Peters of New York in a new office in Los Angeles.

THE MANAGEMENT PAGE

How Bosch strengthened its defences

Christopher Parkes reports on the West German power tool maker's response to US and Japanese competition

GAZING OUT of his office window, across hectares of muddy cabbage patches, towards Stuttgart and the nearby Black Forest, Joachim Lungershausen, managing director of the Robert Bosch group's power tool division, muses on the future of the industrial landscape.

He has monitored Japan's encroachments in so many sectors that he can almost imagine the day when Far Eastern interlopers may steal away the local cuckoo clock business. But he gives the impression that he would not mind if someone removed the surrounding sauerkraut industry: "The smell in autumn is awful."

When the Japanese made their first ventures into the European power tools market a few years ago, he recalls: "They made us think. We decided: no, this is not going to happen to us."

Although it is a relatively small part of the Bosch automotive and communications technology giant—turnover was DM 1.4bn (£424m) in 1984 compared with the group total of DM 18bn (£5.5bn) — the power tool arm is a core business, Lungerhausen stresses.

It fits logically with other Bosch products built around an electric motor, such as windscreen wipers and starters. However, the logic of the manufacturing fit turned out not to be matched by the efficiency of the management of the division. The initial drive to secure the company's position showed that the defences needed strengthening. In some places they did not exist.

For example, the company, which had 50 years' experience and a high reputation in the industrial power tool business, had totally ignored the strong British market for do-it-yourself equipment. Only in 1979, when Black and Decker of the US was enjoying a virtual monopoly and Makita and Hitachi from Japan were showing an interest, did Bosch begin to pay proper attention.

"We are a basically conservative company, but as we gain experience we are getting more adventurous," Lungershausen explains.

The company has also had to learn how to apply the experience. He refers repeatedly to the case of the "Flemish prospectus" as a testament to Bosch's stodgy ways. The company had for years jibbed at printing its Belgian catalogues in Flemish as well as French, refusing to acknowledge the two clearly defined population groups which made up separate markets in Belgium.

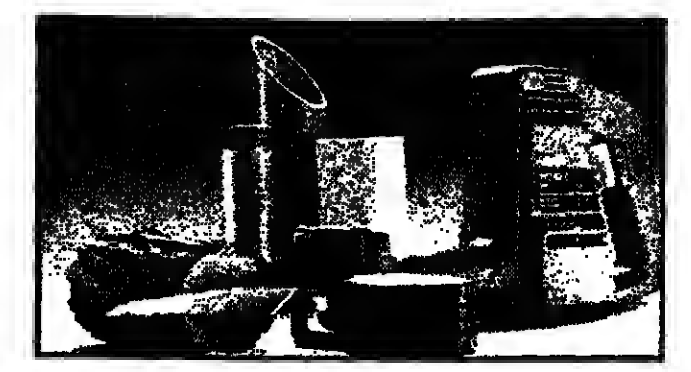
"We felt comfortable as we were, arrogant if you like. But then the Japanese printed a Flemish prospectus and it didn't take us a week to do the same," admits Lungershausen.

There was a similar occurrence in Britain in the late 1970s. Head office, against the advice of local management, insisted on vigorously promoting a 1.5hp drill which had been a resounding success in West Germany. Too unwieldy for the average UK handyman, and too powerful for the relatively fragile British home, it failed to sell. "Consumer marketing was not one of our traditional strengths," Lungershausen admits. Peter Herz, UK managing director, chimes in with a touch of irony: "The UK has been a great test market."

Makita and Hitachi had come into Europe with large volumes of top quality products at competitive prices—a now familiar mix—pressing Black & Decker and Bosch, AEG and the other West German makers. (About 60 per cent of all European power tool manufacturing capacity is clustered around Stuttgart.)

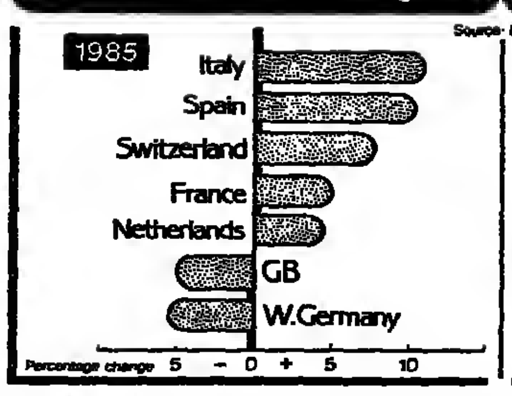
The newcomers added extra pressure in a market already over-loaded with surplus capacity and strained by the price-cutting, volume-building war which had followed the first oil shock of the 1970s, and which Black & Decker had continued as Bosch sought increased market share.

Bosch's management accepted early on that the Japanese would not go away. It decided that while it would not make things easy for them, it would probably have to allow them a position in the market. Giving them something to chew on helped defuse a potentially chaotic situation. "There can be wild times when newcomers arrive and the old ones react," says Lungersbausen. Japan now has about 5 or 6 per cent of European business.

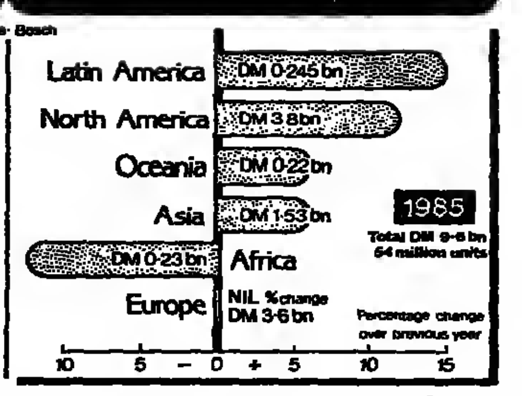


Bosch has high hopes for this multi-purpose power saw

European power tool market growth



World market for electric power tools



Husbanding its energy and resources, Bosch has since attempted to reinforce its position by blending its newly-acquired marketing skills with the qualities traditionally associated with the group.

"We were all cooking with the same ingredients," Lungersbausen observes. "When product and price are equal then the emotional elements—the 'software'—like quality, brand name, continuity and conviction come into play."

It was during the struggle to match the Japanese on price that the division came up against a close relation of the Flemish prospectus. Lungershausen describes it as the "can't be done syndrome." Bosch power tools, he says, had a similar cachet to the Mercedes motor car. Everyone wanted them but most thought they were too expensive.

Bosch could do little about the power of the D-Mark which tended to govern pricing policy, and was obliged to begin a minute examination of its products. "We took them apart down to the smallest washer and asked: 'does it have to cost 10 pfennigs?' It was a grinding process," be says.

The concept of cost engineering proved difficult for many to accept. Practising engineers, for example, tended at the start to state "it can't be done" and to ask management which components they wanted taken out.

Management insisted. Helped by the campaign, the price of the company's 2 kg hammer has been brought down from DM 800 to DM 300 with no loss of quality. Annual sales have increased 20-fold in the past few years, Lungershausen boasts. It is now the division's main line, he says, and sets a price and quality standard for the rest of the world to match.

Cost engineering continues, and will remain an integral part of company policy, even though it becomes more difficult all the time. The recent revaluation of the D-Mark within the European Monetary System, for example, has set the company a fresh challenge.

One day a week 20 people gather in the research department—"from directors to the bean counters"—for brainstorming sessions. The importance of the task is underlined by the weekly appearance of the main board director responsible for motor-driven equipment.

The company's reaction to the incursions of the Japanese has produced a steady growth in the company's position in all European countries. Apart from Hilti of Switzerland, it is the only importer with a significant presence in Japan, claiming a 4 to 5 per cent share of the market. But it still faces many challenges, and Lungershausen is the first to recognise them.

Despite its advances, it is still to some extent hampered by its traditions and conservatism. "Metal working is in our blood," says Lungershausen. "We are well established in woodworking for the DIY market, but not among professionals, not even in Germany."

The company could also find itself in a quandary over new trends in marketing which are blurring the distinction between industrial and household tools.

Japanese professional brands and even Black & Decker industrial tools are beginning to appear in multiple retail chains, appealing to the more skilled handymen and the growing ranks of moonlighters exploiting the black economy. Bosch is resisting. It has no wish to disturb its distinctive relationships with the different sectors of the distributive trade.

It is fighting what could be a rearguard action, sending teams out to buy back professional tools whenever they find their way into retail outlets.

But corporate conservatism could prove to be a positive asset when Bosch finally confronts its biggest challenge to date—the US mass market. At present it manufactures a small range of specialist professional tools in North Carolina, and claims about 5 per cent of the overall trade. "I think we will stick with this for a while," says Lungershausen, cautiously.

"The US market is big, seductive, difficult and dangerous." The company needs to be sure of its ground before it makes any further move. Bosch is known mainly for spark plugs, its anti-skid devices and for making the magneto in Lindberg's aircraft, Spirit of St Louis.

It lacks the experience, dealers and distributors for tools, and it has learnt from the fortune it spent on establishing the brand in the relatively small UK market about the costs of breaking new ground. Bosch also needs the tools to suit American needs. Its speciality in two-speed equipment designed for brick and concrete homes in Europe is of little use in a society which tends to live in timber-framed houses and prefers single-speed drills.

It will also need to draw on its newly-discovered powers of marketing aggression. The Japanese are already strongly placed in the US. They account for two-thirds of the imports which make up 25 per cent of the total market, and last year Bosch lost its position as the only overseas supplier manufacturing in the US when the aggressive Makita opened a factory in Georgia.

Everything has to be right before the company makes a move. As Lungershausen says: "You can't go in and then pull out again—not if your name is Bosch."

Markets nearing saturation

BOSCH is still puzzling over the mysterious happenings last year which produced a dip in total power tool sales in the key British and West German markets. Most other European Community countries produced handsome increases, but the net result was nil growth in the EEC. World market expansion, forecast at 9 per cent, was only 6 per cent.

Joachin Lungershausen, the Bosch power tool division managing director, who had been expecting a 5 per cent increase in West Germany, suggests that the main cause was a hiatus in the flow of new products to tempt buyers and the consequent fall in advertising expenditure by the main manufacturers.

This apparent dependence on innovation and advertising shows that important markets are maturing and rapidly approaching saturation. However, Lungershausen is confident that things will improve this year. Bosch has high hopes for a multi-purpose hand-held power saw and the trade in cordless tools is developing rapidly.

Black & Decker, the world market leader, is also emerging from an extended rationalisation programme. "They will be back," Lungershausen predicts. "They will advertise again when they are repositioned and the whole market will benefit. Margins will return and it will be a sound business again. We need money to innovate."

But if Bosch is puzzled by last year's unexpected slowdown, Lungershausen is confounded by the extraordinary resilience of the group of small companies which are still managing to make a respectable living in the market.

Despite estimated manufacturing over-capacity of 10 per cent worldwide, there are still some 30 or 40 manufacturers in Europe—mostly in West Germany—which are holding on.

But many of the persistent stayers are good old brands trusted by craftsmen who provide them with a valued core market.

"They also take advantage of other bigger manufacturers building a market. They may be losing market share but they are doubling their volumes."

This distraction apart, Bosch expects long-term growth in Europe to stabilise at around 3 per cent to 4 per cent a year. Company research shows home ownership is increasing steadily and the housing stock is ageing. The restoration of economic growth will increase disposable income and boost house building.

Above all, Lungershausen has an endearing faith in the durability of existing technology. "Nothing can replace the electric tool," he claims. "You could drill a hole with a laser . . . but you would have to evacuate Stuttgart first."

Business courses

The pay and gra... staff, Brunel. June R & D Details from the: £145. Management ...retary, Brunel University ...amme. Middlesex. UB8 3PH. ...bridge, 56461, ext 215. 0895

Introducing corporate ... Bradford. May 29-30. Eng. Details from Di Griffin, ...versity of Bradford ...ment Centre, Post exp. programme. Heaton ... Keighley Road Bradford, Yorkshire. Tel: 0274 42299

Treasury Management, Lon... June 3-4. Fee: £400. Det... from Nigel Meade, Departm... of Management Scien... Imperial College of Science a... Technology, Exhibition Roa... London SW7 2AZ. Tel: 01-58... 5111 ext 7123.

How to manage executive time more effectively, London. May 30. Fee: Members of IM £105 plus VAT; non-members £120 plus VAT. Details from IM Marketing Training, Moor Hall, Cookham, Maidenhead. Berks SL6 9QH. Tel: 06285 24922

International cash management, Nice. June 3-6. Fee: Non-members BFr 78,000; Members (AMA/I) BFr 70,000. Details from Management Centre Europe, rue Caroly 15, B-1040 Brussels. Tel: 32/2/516.19.11. Telex: 21.917.

Telecommunications and the European Business Market—Planning tomorrow's trade routes, London. May 28-29. Fee £540.50. Details from Financial Times Conference Organisation, Telecommunications and the European Business Market Conference, Minster House, Arthur Street, London EC4R 9AX. Tel: 01-621 1355.

Design input in Novo Industri, London, June 17. Free. Lecture by Mads Ovlison, md, Novo Industri, Danish pharmaceutical company. London Business School, Sussex Place, Regent's Park, London NW1. 5.45-7.15pm (Tel 0-270 5050).

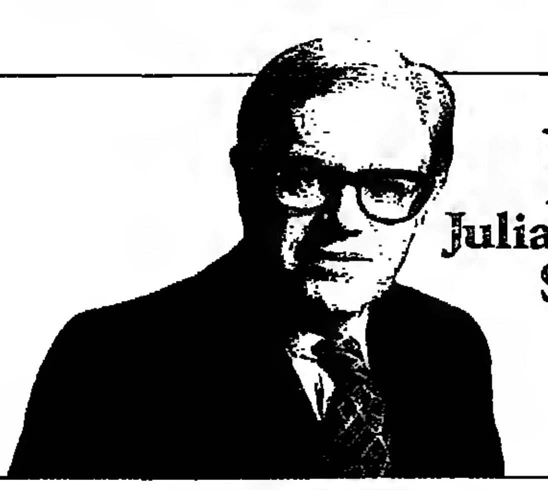
Current issues in defence contracts, London, June 24. Fee £207. Details from Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel 01-242 4111.

Interest rate: caps, floors and collars, London, June 19-20. Fee: £517.50. Details from Institute for International Research, 44 Conduit Street, London W1R 9FB. Tel 01-434 1017 Fax (01-437 2336).

Financial seminar for senior managers, London, June 2-6. Fee: £1,200. Details from Brenda Pomfret, Course Registrar, Financial Seminar for Senior Managers, London Business School, Sussex Place, London NW1 4SA. Tel 01-262 5050. Telex 274 61 LBS KOX G.

The diamond market has turned the corner

- the strength and resilience of the centralised selling system is underlined.



De Beers
Julian Ogilvie Thompson's Statement for 1985

1985 marked the turning point in the market for rough diamonds and underlined the strength and resilience of De Beers' centralised selling system. This was particularly gratifying in view of the problems experienced in other commodity stabilisation schemes. World retail sales of diamond jewellery attained yet another record, exceeding the 1984 figure by some three per cent. Geographically, sales were more evenly spread, the increase in the United States being less spectacular, and in the other industrialised countries more pronounced, than in 1984.

Cutting centre stocks down

The CSO continued its policy of only offering for sale those goods for which there was immediate demand. Stocks in the cutting centres have been brought down at last to reasonable operating levels, and manufacturers have been able to trade profitably in meeting the demand generated by the record retail jewellery sales. It follows that after this protracted and difficult period of destocking, the pipeline between the CSO and the ultimate consumer has contracted to the point where CSO sales should once again be more directly related to retail demand. Looking further ahead, the prospect is that the recent sharp fall in the oil price should bring about lower inflation and higher growth in the industrialised countries, and hence higher sales of diamond jewellery.

Sales trend continues

CSO sales in the second half of the year were the highest since 1980. These trends have continued into the current year with demand for rough gem continuing at a high level during the first three sights and on 8th April the CSO announced an overall increase of 7.5 per cent in the price of rough gem diamonds with effect from the fourth sight in May.

Net current assets improved by R204 million, while long and medium-term borrowings and preference shares in issue by subsidiaries together fell by R12 million, giving an overall improvement in funding of R216 million. Had the conversion rate used in 1985 applied in 1984 as well, the improvement would have amounted to R532 million. Our borrowings are low in relation both to our overall facilities and to our total assets.

The value of investments and long-term loans outside the diamond industry increased by R2,193 million to R5,880 million, or 1.634 cents per share, and yielded income of R215 million compared with R183 million the previous year.

Industrial Division

Our Industrial Division had another satisfactory year, with profits in Dollar terms being marginally ahead of the 1984 figure though total sales fell just short of it. Carat turnover in natural diamond increased, but the reduction in sales value – caused largely by the slump in exploration drilling for minerals and oil – and the lower synthetic grit sales were not quite offset by noticeably improved sales of the newer polycrystalline diamond and other hard abrasive products.

Continuing research and development have enabled us to offer a more comprehensive range of diamond and cubic boron nitride composites than any other manufacturer, and several interesting opportunities lie ahead. Research into new uses for natural diamond grit has been especially active in the light of the increased quantities that will be available now that the Argyle mine, a major producer of boart and drilling stones, is coming into full production.

Production from the De Beers mines and Debswana, in which De Beers has an equal partnership with the Government of Botswana, fell slightly by 85,000 carats to 23,251,000 carats.

The report of a commission, appointed in 1982 to inquire into alleged irregularities and misapplication of property in representative authorities and the central authority of South West Africa/Namibia, known as the Thirion Commission, was published on 7th March 1986, by the Transitional Government of National Unity in Windhoek. Among the Commissioner's findings CDM, without having given evidence or been called upon to do so, is said to have breached the provisions of its mining title, namely the Halbscheid Agreement, which requires that mining should be carried on "satisfactorily to the Administration and not with a view to exhausting the superficial and more valuable deposits to the detriment of the low grade deposits". At no stage has there been any suggestion from the Administration that CDM was not carrying on mining satisfactorily and CDM is confident that it has not breached any of its obligations and that its mining practices have not been detrimental to the State. On the contrary, by the introduction of innovative and cost-effective techniques CDM has rendered hitherto unpayable ground payable, and thus progressively extended the life of the mine. On current projections, only about two per cent of the estimated original carat inventory of the mining area will be left behind at the end of the life of the mine. Of this, about half is in ground which is inaccessible using current mining techniques. In the meantime, prospecting continues in the hope of identifying new reserves. Naturally, within the limits of production technology, CDM has always followed a policy of responding to market conditions, so that when demand is high more diamonds are produced and when the market is in recession, as it has been over the last five years, the rate of production is lowered. Indeed, since 1981, a number of production facilities at CDM have remained temporarily closed without affecting CDM's share of sales. These facts are hardly compatible with a policy of excessive depletion of CDM's reserves. As in the past, CDM fully intends to continue operating within its rights and obligations, in consultation with the authorities and in accordance with the law.

Unified wage structure

Industrial relations on our various operations have been satisfactory, due in part at least to the Company's long-standing adherence to a unified wage structure and continuing implementation of merit-based manning policies, supported by extensive training and development programmes for employees at all levels. The removal of statutory job reservation in the mining industry in South Africa is now a matter of great urgency, and intensive discussions between the industry, the unions and the Government are at last taking place. It is crucial that the outcome should be fair and should provide equal opportunity to all.

Committed to change

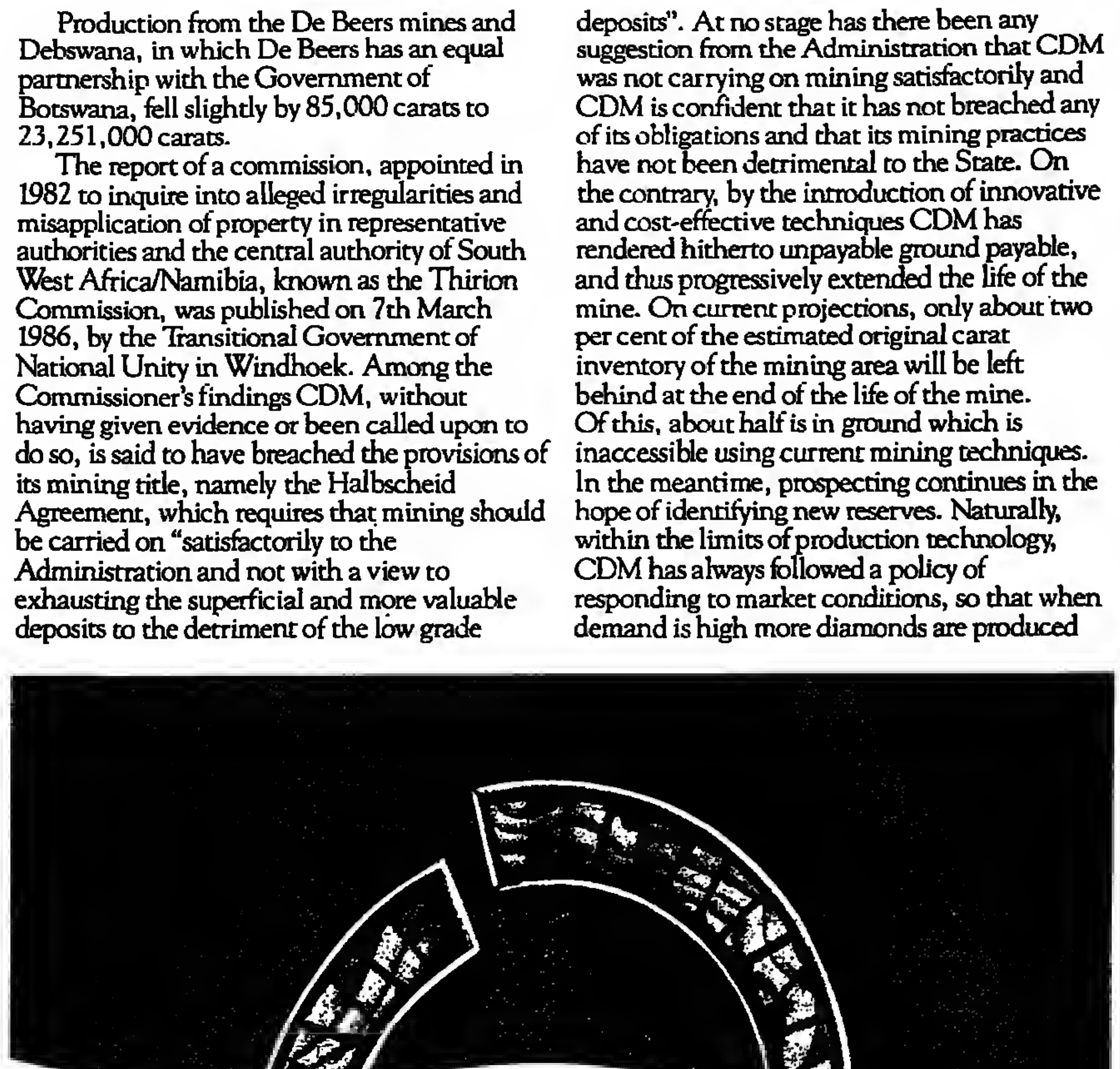
South Africa has been through a particularly difficult year. The need to abolish apartheid in all its forms and create a socio-political dispensation that gives fair and equal opportunity to all is now more widely recognised than ever before. Your Company has long been in the forefront of those committed to such changes and it is encouraging that the Government has announced many substantial reforms. Several have been implemented and the remainder are expected to receive legislative approval during the present session; it is hoped that further initiatives will soon follow. We shall continue to do all we can to accelerate the process of evolutionary change.

Our Deputy Chairman, Mr Nicholas Oppenheimer, has succeeded Sir Philip Oppenheimer as Chairman of the CSO. Sir Philip filled that role with great distinction for 30 years and De Beers and, indeed, the whole diamond industry is deeply indebted to him. Fortunately, we shall still benefit from Sir Philip's experience and wisdom for he will continue to be a member of our board and to play a leading role in certain key aspects of the CSO's activities.

Over the past year I have been able to visit each of our main operating centres and have been impressed everywhere by the loyalty, enthusiasm and devotion of De Beers' employees. Their efforts over this decade in containing costs and yet maintaining productivity have been of great importance in helping us to come through a period that has been the most difficult in De Beers' history since the 1930s. The board and I are extremely grateful to all our people for these achievements.

The full Chairman's Statement is contained in the Annual Report of the Company for the year ended 31st December 1985 which was posted to registered Shareholders on 1st May 1986.

De Beers Consolidated Mines Limited
(Incorporated in the Republic of South Africa)
London Office
40 Holborn Viaduct, London EC1P 1AJ.



This earring, with marquise and round shaped diamonds set in mother of pearl was one of 30 successful entries from 1428 designs submitted from 33 countries for the Diamonds-International Awards presented in Milan in March. These awards have been organised by De Beers for over 30 years to help improve the quality and standard of jewellery design.

De Beers

Arts Week

F	S	Su	M	Tu	W	Th
2	3	4	5	6	7	8

Theatre

LONDON

Lend Me A Tenor (Globe): Fresh and inventive operatic farce by new American author Ken Ludwig set in Cleveland, Ohio in 1934. Dennis Lawson and Jan Francis lead an energetic company in mistaken identity romp, while Verdi's Otello carries on regardless. (437 1592)

Rowan Atkinson (Shaftesbury): New revue starring rubber-limbed clown with a strong line in scatological satire and rude sketches, many of them reflecting British classroom tyrannies. (379 5399)

Blithe Spirit (Vaudeville): Excellent revival of Noël Coward's smart comedy about a novelist harassed by his second wife and haunted by his first. Pinter's Old Times owes a lot to this play, well directed by Peter Farago, acted without undue Cowardian reverence by Simon Cadell, Joanna Lumley and the alabaster beautiful Jane Asher. (836 8987).

When We Are Married (Whitehall): Matchless comic playing from an all star cast in Priestley's comic warhouse about silver wedding anniversaries undermined by an inconvenient revelation. Bill Fraser is a drunken Falstaffian photographer and the couples are led by Timothy West and Prunella Scales. The 1930 theatre has been beautifully renovated. (930 7765).

Café Puccini (Wyndham's): Puccini compilation show by Robin Ray that deteriorates rapidly from a good idea – writers singing hits back at the maestro customer – to a routine potted biography with trying new lyrics and uneven singing. (836 3028)

The Scarlet Pimpernel (Her Majesty's): Donald Sinden in resplendent plummy-voiced form as Baroness Orczy's one-man resistance movement to the French Revolution. Opera director Nicholas Hytner's efficient and sparkish production has smoke, tumbrils, rat stew and rolling heads. (9304025).

Torch Song Trilogy (Albery): Antony Sher plays Harvey Fierstein's four-hour triptych of the life and loves of a drag queen fighting for emotional and domestic stability. Truthful playing has the effect of cruelly exposing Fierstein's tackily uneven writing. (836 3878).

NETHERLANDS

Amsterdam, Meervaart. Outer sink from Los Trios Ringharkus of Australia, directed by Nigel Triffit (Thur). (10 73 93).

NEW YORK

Cats (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

Brighton Beach Memoirs (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

A Chorus Line (Shubert): The longest-running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions. (239 6200).

La Cage aux Folles (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

CHICAGO

Happy Days (Goodman): The Goodman company celebrates Samuel Beckett's 80th birthday with the playwright's bleak view of the world, interpreted by the Romanian-born director, Andrei Belgrader. Ends May 11. (443 3800).

Pump Boys and Dinettes (Apollo Center): Facetious look at country music and down-home country life with a good beat and some memorable songs, especially one played on kitchen utensils has proved to be a durable Chicago hit. (935 6100).

Exhibitions

PARIS

From Rembrandt to Vermeer: 80 chefs d'oeuvres on loan from the Mauritshuis trace a panorama of 17th-century Dutch painting with Vermeer's View of Delft with genre paintings, still lives and landscapes. Grand Palais. Ends June 30. (4261 5410).

Rasa – The Nine Faces of Indian Art. A hundred sculptures in stone, bronze and terracotta and some 200 miniatures are divided into nine groups according to the sentiment they express: the erotic, comic, pathetic, heroic, terrible, furious, hateful, marvellous and finally the serene, thus making Indian art intelligible to Europeans. Many of the sculptures have been only recently discovered, while most of the miniatures are seen for the first time. Grand Palais (4261 5410). Closed Tue, Wed late opening. Ends June 16.

At the Court Of The Great Moghul: A parallel exhibition of Indian miniatures from Bibliotheque Nationale's collections, which have never been exhibited before. Bibliotheque Nationale, 58 Rue de Richelieu from 12am to 6pm all days. Ends June 16.

19th century pastels: A renewed, revigorated use of the pastel crayon technique, in complete break with its genteel 18th-century tradition, gives a sense of immediacy to Delacroix studies, to country scenes by Millet and portraits by Manet. It catches the movement of Degas dancers and women at their toilet and lights up Redon's inner visions. The Louvre, Pavillon Flore (4261 5410). Ends June 9.

WEST GERMANY

Düsseldorf: Kunstverein Grabbeplatz 4: Josef Beuys water colours from a private collection. 250 paintings by the artist, who died in January, are shown for the first time. The exhibition covers the period from 1952-86. Ends May 23.

Tübingen Kunsthalle: Philosophenweg: Pablo Picasso. A retrospective of 200 masterworks' Pastels – Paintings – Aquarelles. This unique exhibition covers the period from the early years to the later works (1881-1973). It also displays his great variety of works on paper for the first time. Ends May 25.

BRUSSELS

Musée Royale d'Art et Histoire: Taiwan-based painter Wong Liu-Sang. 40 paintings, of which 10 are by his pupil Chen Sian-Nan form this painter's first European exhibition. The artist will demonstrate traditional Chinese painting on June 18. Ends June 29.

SPAIN

Madrid: Contrasts of Forms. Abstract and geometrical art sponsored and recently exhibited at Moma, New York. 150 works by 20th century artists set out chronologically, offers a coherent display to 1980 with Braque, Leger, Picasso, Mondrian. Biblioteca Nacional, Paseo de Recoletos 22. (435 40 03). Ends June 30.

Madrid. Claude Monet (1840-1926): The greatest living French artist, as he was called, was an innovator who revolutionised the course of modern painting by playing a leading part in the creation of a new artistic movement: impressionism. 125 paintings on loan from private collectors and museums from all over the world will offer a good overview of his different artistic periods with a prominent representation of his most famous period at his home at Giverny. Meac – Museo Espanol de Arte Contemporaneo. Avenida Juan de Herrera 2. (449 71 50). April 29 – end June.

ITALY

Florence: Museo Nazionale del Bargello: Homage to Donatello: to celebrate the 6th centenary of his birth the 19 Donatellos the museum owns, of which only six are of absolutely certain attribution, have been grouped, with much documentation, to give a new view of the artist. The exhibition includes his extraordinary, languid bronze David. Ends May 30.

Rome: Palazzo Braschi: (Piazza San Pantaleo): Edvard Munch (1863-1944): More than 250 works by the Norwegian painter from the Munch museum in Oslo and private collections. Death and illness became a dominant theme in Munch's works: Subjects such as Death In The Sickroom are reworked in oil, charcoal and pastel – each seeming more compelling than the last. Also on show is his extraordinary work The Scream painted in 1893, in which the scenery becomes a vortex for the central, anguished figure. During the 1890s, Munch moved away from realism and impressionism (there are three delightful paintings on show of Nice and St. Cloud) towards expressionism, a style which he used to express not only desolation, but also lyricism and passion. Ends June 1.

VIENNA

Jewellery from 1900-25: A selection from the Museum of Applied Arts' extensive Art Nouveau jewellery collection not usually on display. The museum began its collection in 1900. Ornamental combs by René Lalique, enamel and ivory pieces by Gaillard, and beautiful jewellery using glass and semi-precious stones by the Belgians Van de Velde and Philipp Wolfers. There are also pendants, lockets, brooches, necklaces, belt buckles and rings from the masters of the Wiener Werkstatte – Hoffman, Moser and Czeschka – many on public view for the first time. Applied Arts Museum, ends June 8.

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NETHERLANDS

Amsterdam: Van Gogh Museum. 90 Whistler etchings from the Zelman collection follow the career of the brilliant eccentric from his Paris period, through the penetrating observation of London's dockland, the tranquility of the Venetian set, and closing with the late, dreamlike impressions of Amsterdam. Ends June 8.

LONDON

The Hayward Gallery: Falls The Shadow – this year's Hayward Annual for the first time extends its view of contemporary art from Britain into Europe. The Arts Council's guest selectors, Barry Barker and Jon Thompson, taking a hint from T.S. Eliot's ambiguous poem of the mid 1920s, The Hollow Men, abandon the principles of avant-gardism in favour of a more open and catholic modernism. The result is an elegant, difficult and fascinating anthology. Ends June 15.

NEW YORK

Museum of the City of New York: Arbit Blatas's paintings, drawings and sculptures of Three Penny Opera covering 12 scenes and 11 characters, were inspired by the historic Theatre de Lys production in 1954 starring Lotte Lenya. Ends Oct 15.

Metropolitan Museum: Two centuries of Renaissance masterpieces from Nuremberg include 270 works in painting, sculpture, tapestries and illuminated manuscripts by Albrecht Dürer, Hans Baldung Grien, Veit Stoss and Adam Kraft. Ends June 22.

WASHINGTON

National Gallery: The 150th anniversary of Winslow Homer's birth is commemorated in an exhibit of 100 watercolours of rustic scenes and rural life, which show Homer's experimentation in watercolours before he attempted subjects in oils. West Building. Ends May 11.

Music

NEW YORK

New York Philharmonic (Avery Fisher Hall): Zubin Mehta conducting; Alfred Brendel, piano; Mindy Kaufmann, piccolo. Vivaldi, Mozart, Schoenberg, Strauss (Tue); Zubin Mehta conducting; Jerome Lowenthal, piano. Druckman: Maga (world premiere), Haydn, Tchaikovsky (Thur). Lincoln Center (874 2424).

Carnegie Hall: Opera Orchestra of New York. Eve Queler conducting; Ghena Dimitrova, soprano; Piero Cappuccilli, tenor. Ponchielli: La Gioconda (Tue) & all-Verdi programme (Thur): American Symphony. Tamas Vasary conducting, Natalie Hinderas, piano. Mendelssohn, Davies, Rachmaninov (Wed). (247 7459).

Bargemusic (Fulton Ferry Landing): Chamber music concert with Ik-Hwan Bae, violin; Stephanie Brown, piano; Julie Rosenfeld, violin; Fred Sherry, Cello; Walter Trampler, viola. Dohnayi, Dvořák (Thur). Brooklyn (624 4061).

WASHINGTON

National Symphony (Concert Hall): Peter Maag conducting. Mozart, R. Strauss (Thur). Kennedy Center (254 3776).

CHICAGO

Chicago Symphony (Orchestral Hall): Michael Tilson Thomas conducting. Women of the Chicago Symphony Chorus. Ives, Bartók, Schumann (Thur). (235 8111).

TOKYO

Aaron Rosand (violin): Bach, Richard Strauss, Mozart, Szymanowski, Stravinsky. Gotanda Kani Hoken Hall (Tue); Toranomon Hall (Thur). (331 4461; 237 9990).

Tokyo Metropolitan Symphony Orchestra Jean Fournet, conductor. Teiko Maehashi, violin. Richard Strauss, Bruch, Mendelssohn, Beethoven. Tokyo Bunka Kaikan (Tue). (822 0727).

NHK Symphony Orchestra conducted by Ferdinand Leitner. Beethoven, Brahms. NHK Hall. (Wed, Thur). (465 1780).

LONDON

London Symphony Orchestra and Chorus, conducted by Leonard Bernstein in the presence of Queen Elizabeth; with Gidon Kremer, violin; Krystian Zimerman, piano; and Aled Jones, treble. Bernstein. Barbican Hall (Tue). (638 8891).

Royal Philharmonic Orchestra, conducted by Sir Charles Groves with Elisabeth Soderström, soprano. Wagner, Strauss and Mahler. Royal Festival Hall (Wed). (928 3191).

The Fires of London, conducted by Peter Maxwell Davies. Maxwell Davies and Piers Hellawell. Queen Elizabeth Hall (Tue). (928 3191).

London Philharmonic Orchestra, conducted by Klaus Tennstedt, with Peter Donohoe, piano. Brahms. Royal Festival Hall (Wed).

PARIS

Ensemble Intercontemporain, conducted by Esa Pekka Salonen, Marie-Claire Jamet, harp: Debussy, Murail, Malherbe, Varese (Mon). Théâtre de la Ville (4274 2277).

Nikita Magaloff, piano: Chopin. (Mon). Théâtre des Champs Elysées (4723 4777).

Christina Ortiz, piano. In Homage to Magda Tagliaferro: Villa-Lobos, Chopin (Tue). Théâtre des Champs Elysées (4723 4777).

Russian Folk Music (Tue to Sat.) TMP-Châtelet (4261 1983).

Paul Kuentz Orchestra and Choir, Maurice Andre, trumpet: Albinoni, Tartini, Bach, Vivaldi, Rossini (Tue). Saint-Severin church (4633 8781).

Ensemble Orchestral de Paris, conducted by Claude Bardon, Jean-Pierre Rampal, flute, Martine Geliot, harp: Mozart (Tue). Salle Pleyel (4561 0630).

NETHERLANDS

Utrecht, Vredenburg. Netherlands Chamber Orchestra, conducted by Hubert Soudant, with Nelson Freire, piano. Beethoven (Wed). Recital Hall: Eder Quartet. Haydn, Bartók, Brahms (Tue). (31 45 44).

Amsterdam, Concertgebouw. Netherlands Chamber Orchestra conducted by Hubert Soudant, with Nelson Freire, piano. Beethoven (Tue). Recital Hall: Lieder recital by Frans Fisilier, baritone, accompanied by Han-Louis Meyer (Tue). (71 83 45).

Rotterdam, Doelen. Matinee concert of Viennese music from the Groot Rotterdam Choir and the Ophloei mandolin orchestra (Tue). (14 29 11).

SPAIN

Madrid, Fundacion Juan March. Midday concert (Mon). Recital by Jorge Drosser to accompaniement by Elisa Ibanez: Beethoven, Schubert, Schumann, Brahms and Wolf; Spanish Music of the 20th century (Wed) with soprano Paloma Perez Inigo and Miguel Zanetti, piano. Falla, Turina, Romero, Garcia and Castillo. Fundacion, Castello 77. (435 42 40).

Madrid, Murray Perahia: Beethoven, Berg, Schumann and Schubert (Mon): Rotterdam Philharmonica Orchestra conducted by James Conlon. Strauss, Rosenkavalier, Debussy and Brahms (Wed). Stravinsky and Mahler (Thur). Teatro Real, Plaza Isabel 11. (248 38 75).

VIENNA

Murray Perahia, piano. Britten and others. Konzerthaus (Wed).

Nigel Osborne concert with the ORF choir led by Erwin Ortner. Konzerthaus (Thur).

Vienna Symphony Orchestra, conducted by Zdenek Macal, with Hermann Baumann, horn. Mozart, R. Strauss, Mahler. Musikverein (Wed).

Opera and Ballet

VIENNA

Staatsoper: Herzog Blaubarts Burg by Bartok and Erwartung by Schoenberg; Ariadne auf Naxos with Gruberova, Tomova-Sintow; Der Besuch von der Alten Dame conducted by Walter with Johnson, Holm, Glydenfeldt, Lotte Rysanek; Simon Boccanegra conducted by Graf with Freni, Gonda, Bruson, Talvela (53 24/26 55).

Volksoper: Schwanda der Dudelsackpfeifer; Der Zarewitsch; Die Zauberflöte; Der Bettelstudent. (53 24/26 57).

LONDON

Royal Opera, Covent Garden: A week of old faithfuls. The strongly-cast Hoffmann with Neil Shicoff in the title role alternates with a Tosca that brings the Russian soprano Natalia Troitskaya to London for the first time, while Marilyn Horne gives a song recital on May 6. (240 1066).

English National Opera Coliseum: Busoni and Johann Strauss make up the week. Dr Faust continues its first run of staged performances in Britain, while Die Fledermaus returns in Tom Hawkes's familar production (836 3161).

PARIS

Carolyn Carlson's most recent creation with 12 dancers and one actor, Mikie Zimmerman to René Aubry's music and Bulgarian songs at the Théâtre de la Ville (4274 2277).

La Fille du Régiment alternates with Ballet School's Soirée, choreographed by Claude Bessy and Vincenz Galeotti at the Opéra Comique (4296 0511).

WEST GERMANY

Hamburg, Staatsoper: La Traviata has Lucia Aliberti outstanding as Violetta. My Fair Lady has Gabriele Ramm as Eliza Doolittle and Boy Gobert playing Henry Higgins. (35 11 51).

Frankfurt, Opera: Orpheus in der Unterwelt features Sharon Markovich, Sona Cervena and Christoph Pregardien. Eugen Onegin features Helena Doese, Pari Samar and William Workman. Don Giovanni has fine interpretations by Jill Gomez, Paula Page and Michael Glücksmann (2 58 21).

Cologne, Opera: Carmen includes Kathleen Kuhlmann and Josef Protschka. Parsifal with Siegfried Jerusalem. Händel's rarely played Agrippina brings Janice Hall and Claudio Nicolai together.

Stuttgart, Württembergisches Staatstheater: Jenufa is conducted by Antal Dorati. Martha, Loriot's first opera production, was received with acclaim. Fidelio stars Jeannine Altmeyer and Toni Krämer (2 03 21).

Wiesbaden Festival

Wiesbaden and the Hesse State Opera are staging an international May festival until June 1. Eight countries are contributing opera, drama, ballet and music. Opera North Leeds (Britain) opens the festivities with Aida and Tippett's The Midsummer Marriage. The Kiev State Opera will present Zarenbraut and Eugen Onegin. Further highlights are the Italian Ente Lirico Arena di Verona with Zandonai's Giulietta e Romeo and Gluck's Orfeo ed Euridice. Hamburg ballet appears with John Neumeir's Kameliendame. Wiesbaden Opera will contribute the Ring Cycle and Die Schweigsame Frau. (Hessisches Staatstheater Wiesbaden).

NETHERLANDS

Arnhem, Schouwburg. Duets for ballet and music danced by Alexandra Radius and Han Ebbelaar, with Christian Bor, violin; and Frédéric Meinders, piano (Tue). (42 27 41).

The Nederlands Dans Theater with Jerome Robbins' Afternoon of a faun (Debussy), and Jiri Kylian's L'Enfant et les sortilèges (Ravel) and Overgrown path (Janacek). Tue in Den Bosch, Casino (12 51 25). Wed in Leeuwarden, De Harmonie (13 92 25). Thur in Groningen, Schouwburg (13 10 44).

SPAIN

Barcelona, Don Pasquale in a Spoleto production directed by Pier Luigi Samaritani, scenery by Gian Carlo Menotti, conducted by Roberto Abbado with Giuseppe Taddei as Pasquale. Gran Teatre del Liceu, Sant Pau 1. (318 92 77).

Barcelona, El Sur y La Petenera by Manuela Vargas who recently left Ballet Nacional de Espana, presents this ballet co. Teatro Victoria, Paralelo 67. (241 39 85).

NEW YORK

New York City Ballet (New York State). Lincoln Center (870 5570).

American Ballet Theatre (Opera House): Mikhail Baryshnikov brings his company to its two-month spring season with four new works choreographed by Kenneth MacMillan, John Taras, David Gordon and Karole Armitage, which join the repertory that includes The Nutcracker, Don Quixote, Giselle and La Bayadere. Ends July 5. (362 6000).

Copies of the document which comprises Listing Particulars with regard to Technology Project Services PLC in accordance with The Stock Exchange (Listing) Regulations 1984 have been delivered for registration to the Registrar of Companies in England and Wales as required by those Regulations. Application has been made to the Council of The Stock Exchange for the whole of the ordinary share capital of Technology Project Services PLC issued and to be issued to be admitted to the Official List. It is expected that the whole of the issued ordinary share capital of Technology Project Services PLC will be admitted to the Official List on 7th May 1986 and that dealings will commence on 8th May 1986.

The Directors of Technology Project Services PLC, whose names, addresses and functions appear below, are the persons responsible for the information contained in the Listing Particulars. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in the Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.

TECHNOLOGY PROJECT SERVICES PLC

(Incorporated in England and Wales No. 1807883)

Placing by

J. Henry Schroder Wagg & Co. Limited

of 1,972,281 Ordinary Shares of 10p each at 140p per share

KEY INFORMATION

The following information is derived from the full text of this document and accordingly must be read in conjunction with that text.

Business

TPS is one of the leading European suppliers of e wide range of qualified and experienced engineering and technical support staff on a contract basis. Its services enable clients, which include both companies and government organisations, to have access to personnel whose skills may be highly specialised and required by the clients only for e relatively short time for a particular project. By providing a flexible alternative to engaging full-time personnel, TPS gives its clients the ability to meet the irregular requirements of specific projects. Contract personnel are only engaged by TPS for the duration of a project so that neither TPS nor the client has the continuing cost of permanent employment once the project is completed.

TPS hes over ten years of experience in the provision of these services both in Europe and elsewhere. Its expertise lies in the technical ability of its management to analyse the needs of clients for particular projects, the sourcing of those needs from its extensive database of skilled technical personnel end the administration of the contract personnel during the life of the project.

Trading record

£'000	*1981*	*1982*	*1983*	*1984*	*1985*
	Financial years to end of December				
Turnover	4,849	3,905	4,458	5,440	6,769
Profit before taxation	616	339	384	511	645

The above figures are derived from the Accountants' report.

Share Capital

Set out below is the authorised and issued share capital of the Company as it will be immediately following the admission of the ordinary share capital to the Official List, the capital reorganisation conditionel thereon, the redemption of the 850,000 cumulative redeemable preference shares of £1 each and the cancellation of the authorised but unissued share capital arising therefrom.

Authorised		*Issued and being issued fully paid*
£625,000	Ordinary Shares of 10p each	£479,505

The shares which are the subject of the Placing rank in full for all dividends and other distributions hereafter declered, paid or made on the issued ordinary share capital of the Company and rank *pari passu* in ell respects with existing Ordinary Shares of the Company.

Indebtedness

At the close of business on 11th April 1986 the Company hed an outstanding secured bank loan of £400,000. On 25th April 1986 the security given by the Company for this loan was released. TPSI has guaranteed this loan.

Save as aforesaid and apart from intragroup indebtedness, the Company and its subsidiary did not have, et thet date, any other loan capital (including term loans) outstanding, or created but unissued, or any other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, hire purchase commitments or guarantees or other meterial contingent liabilities.

Placing statistics

Placing price per Ordinary Share	140p
Number of Ordinary Shares in issue and being issued	4,795,045
Market capitalisetion at the placing price	£6.7 million
Pro forma earnings per Ordinary Share — actual tax (41.6%)	7.9p
— notional tax (35%)	8.8p
Pro forma price earnings multiple — actual tax (41.6%)	17.7 times
— notional tax (35%)	15.9 times
Annualised gross dividend yield	2.5%

For the bases and methods of calculation of pro forma earnings per Ordinary Share, price earnings multiple and dividend yield, see the section entitled "Placing and dividends".

Definitions

"the Company"	Technology Project Services PLC
"TPSI"	Technology Project Services (International) Limited, the sole subsidiary of the Company and formerly called Consultants & Designers (UK) Limited
"TPS" or "the Group"	The Company and TPSI
"Greyhound"	The Greyhound Corporation of Phoenix, Arizona, USA
"C&D Inc"	Consultants & Designers Inc. of New York, USA
"C&D UK"	Consultants & Designers (UK) Limited
"Schroders"	J. Henry Schroder Wagg & Co. Limited
"Ordinary Shares"	The ordinary shares of 10p each in the capital of the Company

Directors, advisers and bankers

Directors

Richard Malcolm Gautier Avery (USA) *Chairman*
Michael George Doubleday *Managing Director*
Roger Stewart Cox *Finance Director*
Joseph Murray Forbes
Philip Baldwin *Non-executive*
Christopher Roger Ettrick Brooke *Non-executive*
all of 25 Buckingham Palace Road, London SW1 OPP

Secretary and registered office

Roger Stewart Cox, FCCA,
25 Buckingham Palace Road,
London SW1W OPP

Issuing house

J. Henry Schroder Wagg & Co. Limited,
120 Cheapside,
London EC2V 6DS

Stockbrokers

Cazenove & Co.,
12 Tokenhouse Yard,
London EC2R 7AN

Auditors and reporting accountants

Touche Ross & Co.,
Chartered Accountants,
Hill House,
1 Little New Street,
London EC4A 3TR

Solicitors to TPS

Baldwin & Co.,
26 Bedford Row,
London WC1R 4HE

Solicitors to the placing

Ashurst Morris Crisp,
Broadgate House,
7 Eldon Street,
London EC2M 7HD

Bankers

Charterhouse Japhet plc,
1 Paternoster Row,
St Pauls,
London EC4M 7DH

Greyhound Guaranty Limited,
5 Gralton Street,
London W1X 3LB

Registrars and transfer office

National Westminster Bank PLC,
Registrar's Department,
P.O. Box No 82,
37 Broad Street,
Bristol BS99 7NH

... and development

The Company was incorporated in April 1984 for the purpose of effecting a management buyout of C&D UK which was then a subsidiary of C&D Inc, itself a subsidiary of Greyhound. C&D Inc had been founded in 1950 to give technical support to industry and government through the provision of highly qualified contract staff. Following a period of sustained growth, C&D Inc was floated on the American Stock Exchange in 1962. Greyhound acquired approximately 51% of C&D Inc in 1968 and the balance in 1973.

In 1970, Richard Avery, now Chairman of TPS and at that time a senior Manager of C&D Inc, conducted a market survey of the potential for extending C&D Inc's operations into Europe. This resulted in the London branch of C&D Inc being established in 1971 under his direction and, following the trading success of this operation, the formation of C&D UK in 1974.

The London branch of C&D Inc and subsequently C&D UK operated autonomously from their US parent. Business developed during the early 1970's primarily with European subsidiaries of US companies which were accustomed to using contract technical staff. At that time, the use of such staff by UK and European companies was not widespread. Nevertheless, business with these companies steadily expanded as the benefits of using contract staff, in particular the convenience and flexibility, became more widely appreciated. In 1976 the Scottish office was opened in Edinburgh to develop the growing market for C&D UK's services in the region. By the late 1970's C&D UK had an established client list and experience of operating in a number of countries.

In 1984 Greyhound decided to sell C&D UK as part of an extensive rationalisation of its worldwide operations. A management buyout, initiated by Richard Avery and arranged by Candover Investments plc, was proposed and subsequently completed in July 1984 with finance provided by a group of UK institutional investors and by Richard Avery and certain other senior managers.

Business

TPS is a service company whose business is the provision of qualified and experienced engineering and technical support staff to clients on a contract basis for periods which vary from a few months to several years. Clients as a result have ready access to a wider range of skills and specialisations than may be available in their own organisations. This means not only that existing expertise within the client can be reinforced quickly by the addition of further personnel but also that completely new skills can be added when required, thereby enhancing tha client'e capability for both product and service development.

TPS operates from its Head office in London and a Scottish office located just outside Edinburgh. Richard Avery is the Chairman of TPS and has been responsible for the overall direction and control of the businese since the establishment of the London branch of C&D Inc in 1971. Michael Doubleday, the Managing Director, handles the day to day running of the Group. He joined C&D UK soon after its formation in 1974. They are supported by Joseph Forbes, who has been responsible for the Scottish office since it was opened in 1976, and Roger Cox, the Finance Director, who joined the Group in 1979.

Contract personnel supplied by TPS normally carry out work at tha client's premises. TPS also has facilities to carry out certain work at its Scottish office, including electronic and electromechanical design and technical documentation and drafting, although this only accounts for a small proportion of turnover.

There are three main elements of TPS's service:—

- The analysis of a client's requirements.
- The selection of suitable personnel.
- The engagement of the personnel and their administration during the contract period.

● Client requirement analysis

An essential feature of TPS's service is the technical ability of its managers to analyse and understand a client's requirements. This involves a detailed discussion of the client's needs using tha specifications provided by the client and TPS's extensive experience of staffing requirements for many types of project. Following this discussion a final specification of staff required for the project is prepared.

The extent of TPS's involvement in a project ranges from the provision of a single expert to a whole team, including project management and administrative staff. TPS typically supplies staff for any stage of a project up to the production stage, namely:—

Feasibility study
Project definition
Development cost programme
Product development

● Personnel selection

Using the agreed specification TPS searches its personnel database to identify suitable candidates and their availability. This computer based system contains information on over 5,000 technical personnel. It is continually updated with fresh information on the current experience and availability of personnel and by the addition of particulars of new technical personnel requesting assignments with TPS. Suitably qualified technical personnel can be difficult to find and TPS's ability to draw on its extensive database is a key feature of its service.

Details of the personnel thus selected are submitted to the client for consideration. Final selection is made by the client after interviewing each candidate. Following selection of candidates, TPS's charges for the contract personnel are finalised between TPS and the client.

TPS provides a wide range of personnel, skilled in the following disciplines:—

Software design and development, systems analysis, analyst programming, computer operation

Electronic design and development, systems engineering, ATE engineering, test/commissioning and trials engineering

Mechanical engineering, structures engineering, stress engineering, hydrodynamics, aerodynamics, noise and vibration engineering

Process engineering, instrument engineering, electrical engineering, civil engineering

Technical writing, design drafting, technical illustration, technician support, prototype wiring

● Personnel engagement and administration

When a candidate has been selected for a particular project he is engaged directly by TPS and provided to the client under a separate contract between TPS and the client. TPS is responsible for paying tha contract personnel supplied to the client, after deduction, where applicable, of PAYE and National Insurance contributions. Payment is made for the number of hours that have been certified by tha client and TPS subsequently bills the client at the agreed rate including TPS's profit margin. TPS has no obligation to continue to employ contract personnel once the client's requirement ceases and consequently has no risk of further financial commitment.

Contract personnel are under the technical direction and control of the client except in the case of certain work carried out at TPS's own facilities. As far as the financial, administrative and contractual matters are concerned, tha client only has to deal with TPS, thereby avoiding problems that can be associated with hiring short-term staff, particularly where teams of personnel are involved. TPS carries public and employer's liability insurance for its contract personnel but, in common with other similar employment businesses, does not carry professional indemnity insurance. The Directors consider this to be a reasonable policy.

The TPS executive responsible for the client remains in close contact during the life of the project with both the client and the contract personnel. This ensures that TPS is always aware of the client's requirements, including their need for additional staff, and also that the contract personnel are satisfied with the terms and technical content of their employment.

Market and customers

The provision of skilled engineers and technical staff on a contract basis is a well established business in the US. TPS had its origins in the US and much of its early business in Europe was with the subsidiaries of US companies which were familiar with the concept of using contract personnel services. However, TPS has seen the European market develop steadily as companies and government bodies have come to recognise the benefits that arise from not taking on permanent staff in highly specialist areas where the requirements for such skills may be irregular. An increase in the demand for these services has also generated a greater supply of suitable personnel who are interested in contract working. The contract personnel market is now able to offer a continuity of opportunities of employment which was not possible a few years ago. The flexibility of this arrangement, for both client and contract personnel, has contributed to the growth of the market.

TPS has selected and provided contract personnel for a wide range of high technology projects in the electronics, avionics, aerospace, telecommunications, computing, petrochemical and process industries and during the last three years it has done business with over 200 companies. During the course of the current year some 240 contract personnel have been supplied to over 60 companies including many of the major high technology companies in the UK and continental Europe, for example:—

Defence

Barr & Stroud
British Aerospace
Ferranti Computer Systems
GEC Avionics
Lucas Aerospace
The Marconi Company
Philips & MEL
Plessey Defence Systems
Racal MESL Microwave
Rediffusion Simulation
Royal Ordnance
Smiths Industries
Solartron-Schlumberger
Vickers Shipbuilding & Engineering
Vinten Avionic Systems

Commercial

Burroughs Machines
Electro Optic Development
Hughes Microelectronics
Kelco International
NCR
PYE Unicam
Racal Guardall
Rodime Europe
Sperry Computer Systems
Uniroyal
Vickers Marine
Wang Laboratories

Communications

British Telecom
GTE ATEA, Belgium
ITT in Europe:
BTMC, Belgium
ITC, Belgium
SEL, West Germany
STK, Norway
Standard Telephones & Cables
TMC

Energy & PetroChemical

British Petroleum
Borg Warner Chemicals
Daniel Industries
Essochem
GEC Transmission & Distribution Projects
National Engineering Laboratories
National Nuclear Corporation
Sante Fa (UK)
South of Scotland Electricity Board

In 1985, some 20 projecls, which accounted for 69% of turnover, were being carried out for 14 subsidiaries of three major international groups, namely ITT, GEC and Pilkington. These projects were spread over 5 countries and each employed an average of approximately 7 contract personnel. No other client or related group of clients during 1985 accounted for more than 5% of turnover and the ten largest accounted for 82% of turnover.

A geographical analysis of the Group's turnover over the last three years is set out below:—

	Financial year to end of December 1983 £'000	1984 £'000	1985 £'000
UK	3,482	4,023	4,677
Continental Europe	976	1,417	2,092
	4,458	5,440	6,769

Marketing

TPS's atrongest marketing point is the quality of the service that it provides. Tha Directors and Account Executives who are responsible for particular clients develop a close working relationship with them and so ensure that present requirements, and any edditional ones that may arise either during the course of a project or as a result of a new project, can be met quickly and afficiently. Consequently, an important part of TPS's business is derived from established clients and companies that have been clients in the past.

The marketing of TPS's services to companies that are not familiar with the benefits of using contract personnel involves the identification of those industry sectors and geographic areas where potential for new business exists. In particular, TPS aims to concentrate on those sectors which ara exhibiting, or ara forecast to exhibit, strong growth. Within each such sector the Directors and Account Executives are responsible for identifying and marketing potential client companies and, where appropriate, additional Account Executives with specific expertise in these areas are taken on.

Competition

The contract personnel services industry in Europe is highly fragmented. Thera are a small number of direct competitors in Europe that offer a broadly comparable service but the Directors believe that none offers a more extensive range of highly-skilled contract personnel than TPS.

Whilst there are over 9,000 agencies in the United Kingdom which have been granted licences by the Department of Employment, these agencies cover a wide spectrum of activities. Within the technical and engineering sphere they mainly concentrate on the provision of less highly qualified technicians which is not part of the mainstream business of TPS.

Certain companies providing specialised skills compete with individual parts of TPS'e business. Examples of such specialists include software housee and systems design companies, although they normally operate on a different basis to TPS in respect of the technical control and retention of ownership of the design work.

Directors, executives and employees

Richard Avery, aged 55, is Chairman and a major shareholder following the management buyout in 1984. He established C&D Inc'e presence in Europe in 1971 and formed C&D UK in 1974. Prior to transferring to Europe, he worked for C&D Inc'e Head office in New York, where he gained thirteen years of marketing and management experience in the North American contract technical personnel industry. Mr Avery intends to retire when his service agreement expires in 1990 when he will have reached the age of 60.

Michael Doubleday, aged 42, is Managing Director. He joined TPS in 1974 having previously worked as Contracts Manager and then General Manager for a contract engineering services company which provided electronic technical expertise to the commercial and defence industries. His earlier career included engineering experience with Hawker Siddeley Dynamics Limited, the British Aircraft Corporation and the Royal Air Force. He joined the Board at the time of the management buyout in 1984.

Roger Cox, aged 39, is Finance Director and Company Secretary. He is e Fellow of the Chartered Association of Certified Accountants. After spending ten years with the Pye Records Group (a subsidiary of Associated Television), where he was latterly Group Financial Accountant, he joined TPS in 1979 as Financial Controller before becoming Finance Director in 1984.

Joseph Forbes, aged 39, is an executive Director and has been responsible for the development of TPS's Scottish operation since he joined TPS in 1976. His earlier technical career as a designer included mechanical and electronic engineering experience with Ferranti, the Burroughs Corporation, Marconi Space and Defence Systems and Racal. He joined the Board in 1986.

Philip Baldwin, aged 34, is a non-executive Director. He is a partner in the firm of Baldwin & Co., solicitors to the Company, and a graduate of Manchester Business School. He joined the Board at the time of the management buyout in 1984.

Roger Brooke, aged 55, is a non-executive Director. He is currently chief executive of Candover Investments plc which organised the buyout of C&D UK. He held the posts of deputy managing director of the Industrial Reorganisation Corporation from 1966 to 1969, executive director of the Pearson Group from 1971 to 1979, end group managing director of EMI for a short period until it was merged with Thorn Electrical Industries in 1980. He joined the Board at the time of the management buyout in 1984.

Executives

Donald Bray, aged 64, is a Technical Recruiter at Head office. Prior to joining TPS in 1981 his career included several years in the contract engineering industry and wide experience of electronic engineering and communications both in the Royal Electrical and Mechanical Engineers and in industry.

Ian Cheyne, aged 38, is an Account Executive in Scotland responsible for client relations and marketing of the Group's data processing services throughout Scotland. Prior to joining TPS in 1985 he had wide experience as a systems consultant and senior systems analyst both in the U.K. and overseas.

Stuart Fergusson, aged 41, is a Technical Recruiter in Scotland. He joined TPS in 1985 after a career in the Royal Signals where he specialised in electronics and communication systems.

David Gibson, aged 47, is a Technical Recruiter for overseas contracts at Head office. He joined TPS in 1980 having served for 22 years in the Weapons Engineering Branch of the Royal Navy.

David Hull, aged 41, is an Account Executive in Scotland. He joined TPS in 1984 after a career in the Engineering Branch of the Royal Air Force where he specialised in complex avionic systems and automatic test equipment.

Ronald Johnston, aged 40, is an Account Executive at Head office. He joined TPS in 1985 after a career in the Engineering Branch of the Royal Air Force where he gained experience in avionics, flight simulation and computer based military systems training.

Diane Leslie, aged 41, is a Technical Recruiter for electronics technicians and support staff for the oil and petrochemical industries in Scotland. She joined TPS in 1978 having held a number of administrative positions with local government authorities.

Charles Woodmore, aged 41, is a Technical Recruiter at Head office. He joined TPS in 1985 having previously served for 25 years in the Engineering Branch of the Royal Air Force.

Employees

Including executive Directors, the Group currently has 17 full-time employees and 2 part-time employees. These figures do not include personnel out on contract to clients who, although actually engaged by TPS on behalf of the client, do not form part of its permanent staff. The average number of full-time employees by category of employment over the last three years is illustrated below.

	1983	1984	1985
Executive Directors	1	3	3
Account Executives	2	2	3
Technical Recruiters	5	5	8
Administration	4	4	3
	12	14	17

Trading record and prospects

Trading record

The trading record of the Group for the five years ended 29th December 1985 is set out in the Accountants' report below. A summary of the turnover and profit before taxation over this period is shown in the following table:—

£'000	Years to end of December 1981	1982	1983	1984	1985
Turnover	4,849	3,905	4,458	5,440	6,769
Profit before taxation	616	339	384	511	645

In 1980 and 1981, the recession in the UK was adversely affecting a number of TPS's clients and consequently the market for contract personnel. The excellent performance of TPS against this background in 1981 was supported by three main projects which between them accounted for 70% of TPS's turnover. At the end of 1981, these three projects were cut back and, as a result, the profits for 1982 suffered a substantial fall.

Since 1982 TPS has shown steady growth. This reflects the efforts of management to widen the client base which has allowed a greater concentration on areas of the business where profit margins are higher, for example on overseas projects. In addition the spread of projects has also been expanded considerably over this period so that TPS is not exposed to such a small number of large projects.

Prospects

The current year has started well. The Directors consider that the prospects for future growth are good and will continue to improve as more companies become aware of the advantages of flexibility, speed of response and economy offered by the use of TPS's contract personnel service. They plan to broaden TPS's management, particularly in the area of European marketing, in order to provide additional capacity to handle business from this expanding base of existing and potential clients.

TPS intends to continue to develop its relationships with existing clients in the electronics and software engineering fields and to expand its involvement with the aerospace and telecommunications industries in the UK and overseas. The identification and marketing of new clients in selected markets in which TPS does not currently have a significant presence, for example the data processing industry, will continue to be a priority.

An expansion of overseas business is envisaged in Europe and elsewhere. Certain restrictive undertakings not to compete in the North American market, which were given to C&D Inc at the time of the management buyout, expire in July 1988. This will allow the Group to explore the possibilities for North American business.

Placing and dividends

Placing

The Directors believe that TPS has reached a stage in its development where a Stock Exchange listing is appropriate. The listing will enable TPS to have access to new sources of capital for the future development of its business and provide the commercial advantage of enhancing TPS's profile with its clients.

The Directors are also taking the opportunity at the time of the Placing to reward the success and loyalty of TPS's executives through the establishment of a share option scheme.

The 1,972,281 Ordinary Shares being placed represent 41.1% of the Company's enlarged issued share capital; 1,115,138 Ordinary Shares are being sold by existing shareholders and 857,143 new Ordinary Shares are being issued by the Company. At the Placing price the Company will be capitalised at £6.7 million.

The proceeds of the Placing for the Company will amount to approximately £1.2 million and will be used to redeem the cumulative redeemable preference shares which formed part of the funding for the management buyout and to meet the expenses of the Placing. The balance will be used to provide additional working capital.

Pro forma earnings per Ordinary Share are based on the number of Ordinary Shares which will be in issue following the Placing and the profit before taxation for the year ended 29th December 1985, adjusted for a full year's interest at 10% (before taxation) on the net proceeds of the Placing (after redemption of the cumulative redeemable preference shares and the expenses of the Placing). On these bases and an actual tax charge of 41.6%, pro forma earnings per Ordinary Share for the year ended 29th December 1985 were 7.9p. On the basis of a notional tax charge of 35% pro forma earnings per Ordinary Share for the year ended 29th December 1985 were 8.8p.

The Placing price of 140p per Ordinary Share represents a multiple of 17.7 times pro forma earnings per Ordinary Share (actual tax) and 15.9 times pro forma earnings per Ordinary Share (notional tax).

Dividends

The Ordinary Shares now being placed will rank in full for all dividends hereafter declared. The Directors expect, in the absence of unforeseen circumstances, to recommend the payment of dividends in respect of the year ending 28th December 1986 of not less than 1.66p per Ordinary Share (2.34p inclusive of related tax credit). If the Company had been listed for the whole year, the Directors would have expected to recommend total dividends for the year of not less than 2.49p per Ordinary Share (3.51p inclusive of related tax credit), which would represent a gross dividend yield of 2.5% at the Placing price. This level of dividend would have been covered 3.5 times by pro forma earnings for the year ended 29th December 1985 on the basis of a notional tax charge of 35% as calculated above.

In respect of 1986 and thereafter, it is intended that interim dividends will be paid in November and final dividends in May.

Pro forma balance sheet

Set out below is a pro forma consolidated balance sheet for the Company based on the audited figures as at 29th December 1985, adjusted for the proceeds of the Placing and the capital reorganisation referred to in the Note below.

	29th December 1985 £'000	Pro forma £'000
Fixed assets		
Tangible assets	89	89
Current assets		
Work in progress	2	2
Debtors	1,670	1,670
Cash at bank and in hand	590	650
	2,262	2,322
Creditors: Amounts falling due within one year	(1,539)	(1,539)
Net current assets	723	783
Total assets less current liabilities	812	872
Deferred taxation	(18)	(18)
Term loan	(300)	(300)
	494	554
Capital and reserves		
Ordinary shares	150	480
Convertible cumulative participating preferred ordinary shares	250	—
Cumulative redeemable preference shares	850	—
Share premium account	136	960
Capital redemption reserve	—	6
Goodwill written off	(1,267)	(1,267)
Profit and loss account	375	375
	494	554

Note:
In summary, the capital reorganisation, which will take place when the admission of the ordinary share capital of the Company to the Official List by the Council of The Stock Exchange becomes effective, involves the following —

(a) The 250,000 convertible cumulative participating preferred ordinary shares of £1 each being converted into 75,023 ordinary shares of £1 each and 174,977 deferred shares of £1 each.

(b) Each of the existing ordinary shares of £1 each then in issue (including those converted) being subdivided into 10 Ordinary Shares of 10p each.

(c) The authorised share capital being increased to £1,475,000 by the creation of 2,250,000 Ordinary Shares of 10p each.

(d) The purchase by the Company of the 174,977 deferred shares of £1 each for an aggregate consideration of £174.96 and the resulting authorised but unissued shares of £1 each being converted and subdivided into 1,749,770 Ordinary Shares of 10p each.

(e) Conditional upon the purchase and conversion of the deferred shares, £168,767.20, being part of the amount standing to the credit of the capital redemption reserve account, being capitalised and applied in payment up of 1,687,672 new Ordinary Shares of 10p each to be distributed credited as fully paid to the holders of Ordinary Shares in the proportion of three shares for every four shares held following the reclassification and subdivision referred to above.

(f) The redemption of the cumulative redeemable preference shares of £1 each at par subsequent to the Placing and, conditional thereon, the cancellation of the 850,000 authorised but unissued shares of £1 each arising therefrom.

Accountants' report

The Directors,
Technology Project Services PLC,
25 Buckingham Palace Road,
London SW1W OPP

Touche Ross
Chartered Accountants

The Directors,
J. Henry Schroder Wagg & Co. Limited,
120 Cheapside,
London EC2V 6DS

Hill House,
1 Little New Street,
London EC4A 3TR

1st May 1986

Dear Sirs,

Technology Project Services PLC ("the Company") was incorporated on 11th April 1984 as Teamgrant Limited. On 9th November 1984 it changed its name to Technology Project Services (Holdings) Limited and on 19th March 1986 further changed its name to Technology Project Services Limited. It was reregistered as a public limited company under its present name on 15th April 1986. On 13th July 1984 it acquired from Consultants & Designers Inc, an American company, the entire share capital of Consultants & Designers (UK) Limited which subsequently changed its name to Technology Project Services (International) Limited ("TPSI").

We have examined the audited accounts of the Company and its wholly owned subsidiary company (together called "the Group") for the 5 years from 29th December 1980 or from the date of incorporation to 29th December 1985. We have acted as auditors to the Group throughout the period covered by this report. The audits have been carried out in accordance with approved auditing standards.

The financial information set out in this report is based on the audited accounts of the Group for the five years ended 29th December 1985 after making such adjustments to the audited accounts as we consider necessary and is presented as if a group structure had subsisted throughout the 5 year period.

Our work has been carried out in accordance with the Auditing Guideline 'Prospectuses and the Reporting Accountant'.

In our opinion the financial information set out below gives, for the purposes of the listing particulars to be dated 1st May 1986, a true and fair view of the profits and source and application of funds of the Group for each of the 5 financial years ended 29th December 1985 and of the state of affairs of the Group at the end of each of those years.

Audited accounts for the Group have not been made up for any period subsequent to 29th December 1985.

A. Accounting Policies

The significant accounting policies adopted in arriving at the financial information set out in this report are as follows:—

(a) Financial year
The annual financial statements have been made up as follows:

Financial year end	Period covered
27th December 1981	52 weeks
26th December 1982	52 weeks
25th December 1983	52 weeks
30th December 1984	53 weeks
29th December 1985	52 weeks

(b) Accounting convention
The financial statements have been prepared under the historical cost convention.

(c) Basis of consolidation
The consolidated financial statements for 1981, 1982 and 1983 comprise solely the financial statements of TPSI. The financial statements for 1984 and 1985 comprise the financial statements of the Company and its subsidiary company, TPSI, from the date of acquisition of TPSI.
At the date of acquisition, the fair values of the net assets of TPSI were reviewed and it was considered that the existing net book values at that date were fairly stated and these values were incorporated in the consolidated financial statements. The excess of the cost of the investment over the net assets (goodwill arising on consolidation) has been written off to reserves.

(d) Turnover
Turnover represents amounts invoiced, excluding value added tax, to customers of the Group.

(e) Foreign exchange
Transactions denominated in foreign currencies are translated into sterling at rates ruling at the date of the transaction. Assets and liabilities in foreign currencies are translated into sterling at exchange rates ruling at the year end. All exchange differences are dealt with through the profit and loss account.

(f) Tangible fixed assets
Depreciation on tangible fixed assets is calculated to write off the cost on the straight line basis over the expected useful lives of the assets. The annual rates used are:

Short leasehold property	Over the term of lease
Fixtures and fittings	10%
Office equipment	20%

(g) Work in progress
Work in progress, which comprises the cost of time worked by contract staff but not invoiced, is valued at the lower of cost and net realisable value.

(h) Deferred taxation
Deferred taxation is provided at the rates of taxation which are expected to apply on all material differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, except where such differences are expected to continue in the future.

B. Consolidated profit and loss account

The consolidated profit and loss accounts of the Group for the five financial years from 29th December 1980 to 29th December 1985 are set out below.

	Notes	1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
Turnover	1	4,849	3,905	4,458	5,440	6,769
Direct costs		(3,843)	(3,136)	(3,616)	(4,420)	(5,471)
Gross profit		1,006	769	842	1,020	1,298
Administrative expenses		(338)	(467)	(454)	(467)	(579)
Interest receivable	2	44	71	—	2	5
Interest payable	3	(36)	(34)	(4)	(44)	(79)
Profit on ordinary activities before taxation	4	616	339	384	511	645
Taxation	5	(321)	(180)	(205)	(222)	(268)
Profit after taxation		295	159	179	289	377
Dividends:	8					
—on Preference shares and Preferred ordinary shares		—	—	—	(44)	(97)
—from TPSI to Consultants & Designers Inc		(177)	(79)	(90)	—	—
		118	80	89	245	280
Pre-acquisition profit of TPSI not available for distribution		—	—	—	(150)	—
		118	80	89	95	280
Dividends per share	6	3.7p	1.6p	1.9p	—	—
Earnings per share	7	6.2p	3.3p	3.7p	6.0p	7.9p

Notes to the consolidated profit and loss account

1. Turnover

	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
Geographical analysis by location of customer					
United Kingdom	3,319	2,742	3,482	4,023	4,677
Continental Europe	1,530	1,163	976	1,417	2,092
	4,849	3,905	4,458	5,440	6,769

2. Interest receivable

	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
On bank deposits	44	71	—	2	5

3. Interest payable

	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
On bank loans and overdrafts repayable within five years	—	—	—	37	79
On amounts due to Consultants & Designers Inc	36	34	4	7	—
	36	34	4	44	79

4. Profit on ordinary activities before taxation

	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
This is shown after charging					
Depreciation	7	8	8	9	14
Costs of setting up and closing down an overseas office	—	67	24	—	—
Directors' emoluments (see below)	81	80	92	160	232
Auditors' remuneration	3	3	3	4	4
Leasing and hire charges	14	12	15	14	17

In 1981, 1982 and 1983 there was one executive director. Following the acquisition of the subsidiary company on 13th July 1984, the number of executive directors increased to three by the promotion of two employees.

5. Taxation

	1981 £000	1982 £000	1983 £000	1984 £000	1985 £000
United Kingdom corporation tax	304	197	205	222	250
less: relief for double taxation	—	(14)	(62)	(51)	(24)
	304	183	143	171	226
Overseas taxation	—	14	62	51	24
Deferred taxation	17	(17)	—	—	18
	321	180	205	222	268

6. Dividends

Dividends were paid by TPSI to Consultants & Designers Inc (a subsidiary of The Greyhound Corporation and the former parent company of TPSI) amounting to 60% in 1981 and 50% in 1982 and 1983 of the profits after taxation. In 1984 and 1985 dividends were paid on the cumulative redeemable preference shares (the "Preference shares") and the convertible cumulative participating preferred ordinary shares (the "Preferred ordinary shares") by the Company as follows:—

	1984 £000	1985 £000
Preference shares	32	68
Preferred ordinary shares	12	29
	44	97

The calculation of dividends per share has been based on the number of Ordinary Shares that will be in issue immediately after the Placing.

7. Earnings per share

Earnings per share have been calculated on the profits of each year after taxation and on 4,795,045 Ordinary Shares of 10p each being the number of Ordinary Shares in issue immediately after the Placing.

C. Consolidated balance sheets

Consolidated balance sheets of the Group are set out below:

	Notes	27th Dec. 1981 £'000	26th Dec. 1982 £'000	25th Dec. 1983 £'000	30th Dec. 1984 £'000	29th Dec. 1985 £'000
Fixed Assets						
Tangible assets	1	40	34	25	26	89
Current Assets						
Work in progress		—	3	2	3	2
Debtors	2	683	986	1,142	1,210	1,670
Cash at bank and in hand	3	898	32	132	468	590
		1,581	1,021	1,276	1,681	2,262
Creditors: amounts falling due within one year						
Consultants & Designers Inc		(457)	(118)	(136)	—	—
Other creditors	4	(707)	(417)	(556)	(1,093)	(1,539)
Net current assets		417	486	584	588	723
Total assets less current liabilities		457	520	609	614	812
Deferred taxation	5	(17)	—	—	—	(18)
Term loan	6	—	—	—	(400)	(300)
		440	520	609	214	494
Capital and reserves						
Share capital	7	—	—	—	1,250	1,250
Share premium	8	—	—	—	136	136
Goodwill written off		—	—	—	(1,267)	(1,267)
Profit and loss account	9	—	—	—	95	375
Capital and reserves of TPSI not available for distribution		440	520	609	—	—
		440	520	609	214	494

Notes to the consolidated balance sheet at 29th December, 1985

1. Tangible fixed assets

At 29th December 1985 these were as follows:

	Short leasehold property £000	Fixtures and fittings £000	Office equipment £000	Total £000
Cost	35	20	67	142
Accumulated depreciation	16	10	27	53
Net book value	19	10	60	89

2. Debtors

	30th December 1984 £000	29th December 1985 £000
Trade debtors	1,138	1,617
Advanced corporation tax recoverable	43	23
Prepayments and accrued income	29	30
	1,210	1,670

3. Cash at bank and in hand

	30th December 1984 £000	29th December 1985 £000
Bank balances held for contract personnel as bonus accounts	305	526
Other cash and bank balances	163	64
	468	590

Bank balances held for contract personnel as bonus accounts are in the name of the Company but for their account. Contract personnel may not draw funds from these accounts without the consent of the Company.

4. Other creditors

	30th December 1984 £000	29th December 1985 £000
Bank overdraft	59	80
Current portion of term loan (note 6)	100	100
Amounts due to contract personnel as bonuses	328	558
Dividends payable	41	54
Taxation and social security	354	497
Other creditors and accruals	211	250
	1,093	1,539

The bank overdraft is unsecured and repayable on demand. Total overdraft facilities available to the Group currently amount to £300,000.

5. Deferred taxation

The provision at 29th December 1985, which represents the full potential liability, comprises accelerated capital allowances.

6. Term loan

	30th December 1984 £000	29th December 1985 £000
Bank loan repayable in equal annual instalments up to 1989 with interest at 2% over London interbank offered rate, secured by a charge over the share capital of TPSI and a guarantee by TPSI	400	300

7. Share capital

	30th December 1984 £000	29th December 1985 £000
Authorised, allotted and fully paid shares of £1 each		
Ordinary shares	150	150
8% Preference shares	850	850
Preferred ordinary shares with dividends the greater of 7% of the nominal value of the Preferred ordinary shares issued or 4.5% of pre-tax profits	250	250
	1,250	1,250

8. Share premium

	30th December 1984 £000	29th December 1985 £000
Premium on issue of ordinary shares	250	250
less: preliminary expenses	114	114
	136	136

9. Profit and loss account

	30th December 1984 £000	29th December 1985 £000
Opening balance	—	95
Retained profits	95	280
Closing balance	95	375

10. Contingent liabilities

There were no significant contingent liabilities as at 29th December 1985.

11. Commitments

As at 29th December 1985 there were commitments to make the following payments in 1986 in respect of operating leases:

	£000
Leases which expire:	
Within one year	3
Between two and five years	12
	15

12. Subsequent events

(i) Since 29th December 1985 there have been the following changes in the authorised and issued share capital of the Company which are to take effect conditional on admission of the Ordinary Shares of 10p each in the Company to the Official List by the Council of The Stock Exchange becoming effective not later than 15th May 1986.

On 30th April 1986:—

(a) The 250,000 Preferred ordinary shares of £1 each were converted into 75,023 ordinary shares of £1 each and 174,977 deferred shares of £1 each.

(b) The ordinary shares of £1 each were subdivided into 10 Ordinary Shares of 10p each.

(c) The authorised share capital of the Company was increased to £1,475,000 by the creation of an additional 2,250,000 Ordinary Shares of 10p each.

(d) The 174,977 deferred shares of £1 each were repurchased by the Company for a consideration of £174.96. The resulting authorised but unissued shares of £1 each were converted and subdivided into 1,749,770 Ordinary Shares of 10p each.

(e) 1,687,672 Ordinary Shares of 10p each were allotted credited as fully paid to the holders of the Ordinary Shares by way of capitalisation of reserves.

(f) 857,143 Ordinary Shares of 10p each were allotted nil paid to J. Henry Schroder Wagg & Co. Limited.

Following the Placing the 850,000 Preference shares of £1 each will be redeemed and conditional thereon the 850,000 authorised but unissued shares of £1 arising therefrom will be cancelled.

(ii) The Company has adopted an Executive Share Option Scheme, subject to approval by the Inland Revenue. It is intended that options be granted on the date that the admission of the ordinary share capital of the Company to the Official List becomes effective.

(iii) With effect from 1st April 1986 the rate of interest on the term loan was reduced to 1¼% over London interbank offered rate, and on 25th April 1986 the loan became unsecured.

D. Consolidated statement of source and application of funds

	1981 £'000	1982 £'000	1983 £'000	1984 £'000	1985 £'000
Source of Funds					
Profit on ordinary activities before taxation	616	339	384	511	645
Adjustments for items not involving the use of funds					
Depreciation	7	8	8	9	14
Loss on disposal of fixed assets	—	—	1	—	—
Pre-acquisition profits not distributable	—	—	—	(150)	—
Total generated from operations	623	347	393	370	659
Proceeds from disposal of fixed assets	—	1	1	—	—
Issue of share capital	—	—	—	1,500	—
Term loan	—	—	—	500	—
	623	348	394	2,370	659
Application of Funds					
Purchase of tangible fixed assets	12	3	1	9	77
Tax paid	69	565	194	179	67
Dividends paid	177	79	90	44	97
Repayment of term loan	—	—	—	—	100
Purchase of subsidiary	—	—	—	1,878	—
Preliminary expenses	—	—	—	114	—
Increase/(decrease) in working capital					
Work in progress	(9)	3	(1)	—	(1)
Debtors	(402)	344	187	3	480
Consultants & Designers Inc	(189)	339	(18)	136	—
Other creditors	142	(75)	(203)	(224)	(262)
	(200)	1,258	250	2,239	558
Increase/(decrease) in net liquid funds	823	(910)	144	131	101
Represented by:					
Increase/(decrease) in cash at bank and in hand	823	(866)	100	190	122
(Increase)/decrease in overdrafts	—	(44)	44	(59)	(21)
	823	(910)	144	131	101

Summary of the effects during 1984 of the acquisition of TPSI.

	£000
Net assets acquired	
Tangible fixed assets	26
Working capital	685
Goodwill on consolidation	1,267
	1,978
Discharged by cash	1,978

Yours faithfully,

TOUCHE ROSS & CO.

Chartered Accountants

Additional information

1. The Company and its share capital

(a) The Company was incorporated and registered in England and Wales on 11th April 1984 as a private limited company under the Companies Acts 1948 to 1981 (registration number: 1807883) with the name of Teamgrant Limited. Pursuant to a special resolution passed on 8th October 1984 the name of the Company was changed to Technology Project Services (Holdings) Limited on 9th November 1984. Pursuant to special resolutions passed on 28th February 1986 the name of the Company was changed to Technology Project Services Limited on 19th March 1986 and the Company was re-registered as a public limited company on 15th April 1986.

(b) The Company was incorporated with an authorised share capital of £100 divided into 100 ordinary shares of £1 each. Since the date of incorporation there have been the following changes in the share capital:—

(i) By an ordinary resolution passed on 10th July 1984 the capital of the Company was increased to £1,250,000 by the creation of an additional 1,249,900 ordinary shares of £1 each. On 10th July 1984 38 ordinary shares were allotted at par and the two nil paid subscribers' ordinary shares were paid up in full, in each case in cash. Between 10th July 1984 and 13th July 1984 149,960 ordinary shares were allotted at a premium of £1.67 per ordinary share for cash.

(ii) By a special resolution passed on 13th July 1984 250,000 of the unissued ordinary shares were converted into Convertible Cumulative Participating Preferred Ordinary Shares (the "Preferred Ordinary Shares") of £1 each and 850,000 of the unissued ordinary shares were converted into Cumulative Redeemable Preference Shares (the "Preference Shares") of £1 each. On the same date all the Preferred Ordinary Shares and all the Preference Shares were allotted at par for cash.

(iii) Pursuant to a special resolution passed on 30th April 1986 and also (where appropriate) the consent or sanction given by the holders of each class of share in the capital of the Company, subject to and conditional on the ordinary share capital of the Company issued and to be issued being admitted to the Official List by the Council of The Stock Exchange and such admission becoming effective not later than 15th May 1986:

A. the 250,000 Preferred Ordinary Shares of £1 each were converted into 75,023 ordinary shares of £1 each and 174,977 deferred shares of £1 each (the "Deferred Shares");

B. each of the existing ordinary shares of £1 each (including those resulting from the conversion referred to in A above) was subdivided into 10 Ordinary Shares of 10p each;

C. the authorised share capital of the Company was increased to £1,475,000 by the creation of an additional 2,250,000 Ordinary Shares of 10p each;

D. the contract referred to in sub-paragraph 8(e) below for the purchase of the Deferred Shares was approved;

E. the 174,977 authorised but unissued shares of £1 each resulting from the purchase of the Deferred Shares were converted and subdivided into 1,749,770 Ordinary Shares of 10p each;

F. new Articles of Association were adopted;

G. the Directors were authorised pursuant to Section 80 of the Companies Act 1985 to allot relevant securities (as defined in that Section):

(1) in order to effect the capital reorganisation and the allotment of new Ordinary Shares pursuant to the Placing such authority to expire on 15th May 1986 or immediately following the coming into effect of the admission of the Ordinary Shares to the Official List by the Council of The Stock Exchange (whichever is the earlier); and

(2) for any other purpose thereafter up to a maximum nominal amount of £113,000 such authority to expire on 30th April 1991;

H. the Directors were empowered to allot equity securities (as defined in Section 94(2) of the Companies Act 1985) pursuant to the authority referred to in G above as if Section 89(1) of the Companies Act 1985 did not apply to such allotment provided that the power contained in sub-paragraph G above is limited to the allotment of equity securities:

(1) in connection with a rights issue subject to such exclusions or other arrangements that the Directors may deem expedient in relation to fractional entitlements or legal or practical problems; and

(2) in connection with the capital reorganisation referred to above and the allotment of the new Ordinary Shares pursuant to the Placing such authority to expire on 15th May 1986 or immediately following the coming into effect of the admission of the Ordinary Shares to the Official List by the Council of The Stock Exchange (whichever is the earlier); and

(3) for any other purpose thereafter up to a limit of £29,000,

the authorities given under (1) and (3) above expiring on the date of the Annual General Meeting of the Company in 1987.

I. the sum of £168,767.20 was capitalised and applied in payment up of 1,687,672 new Ordinary Shares to be distributed credited as fully paid to the holders of Ordinary Shares following the subdivision and reclassification referred to in A and B above in the proportion of three new Ordinary Shares for every four Ordinary Shares then held; and

J. conditional upon the redemption of the Preference Shares the resultant undesignated £850,000 authorised but unissued share capital of the Company was cancelled and the Articles of Association were amended by the deletion of all references to the Preference Shares.

(c) The Ordinary Shares being placed will be registerable in due course but are being placed in renounceable form.

(d) The provisions of section 89(1) of the Companies Act 1985 (which to the extent not disapplied confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid in cash) apply to the authorised but unissued Ordinary Shares which are not the subject of the disapplication referred to in paragraph (b) (iii) (H) above. In addition, notwithstanding such disapplication, the provisions of the continuing obligations between the Company and The Stock Exchange currently require that, unless the approval of shareholders in general meeting is obtained, further issues of Ordinary Shares for cash shall be made on a pro rata basis.

(e) The new Ordinary Shares were created and will be issued and allotted by virtue of the resolutions and authorisations referred to in paragraph (b) (iii) above and resolutions of the Directors of the Company.

(f) Following the Placing, 1,454,955 Ordinary Shares will remain authorised but unissued, however, no material issue of shares in the Company (other than to shareholders pro rata to existing holdings) will be made within one year of the date of this document, without the prior approval of the shareholders of the Company in General Meeting.

2. Memorandum and Articles of Association

(a) The Memorandum of Association of the Company provides that its principal objects are to carry on the business of a holding company and any other business which may be advantageously carried on with or ancillary to that business. The objects of the Company are set out in full in Clause 4 of the Memorandum of Association which is available for inspection at the address specified in paragraph 12 below.

(b) The Articles of Association of the Company adopted pursuant to the special resolution referred to in paragraph 1(b)(iii) above, contain provisions, inter alia, to the following effect:

(i) Variation of rights and alterations of capital

If at any time the share capital is divided into different classes of shares, the rights attached to any class or any of such rights may, subject to the Companies Act 1985, whether or not the Company is being wound up, be modified, abrogated or varied with the consent in writing of the holders of three fourths of the issued shares of the relevant class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. The rights attached to any class of shares shall, unless otherwise expressly provided by the terms of issue of the shares of that class or by the terms upon which such shares are for the time being held, be deemed not to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(ii) Transfer of shares

Subject to the restrictions contained in the Articles of Association any member may transfer all or any of his shares, but every transfer must be:—

A. signed by or on behalf of the transferor (and, in the case of a share which is not fully paid, signed by or on behalf of the transferee); and

B. in writing in any usual or common form, or any other form which the Directors may approve; and

C. left at the registered office of the Company for the time being, or such other place as the Directors may determine, for registration; and

D. accompanied by the certificate(s) of the shares to which it relates, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

The Directors may, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of any share which is not a fully paid share. The Directors may likewise refuse to register any transfer of a share, whether fully paid or not, in favour of more than four persons jointly or if the instrument of transfer is in respect of more than one class of share.

(iii) Voting rights

A. Subject to any rights or restrictions for the time being attaching to any class or classes of shares, on a show of hands every member present in person, by proxy or by representative (if a corporation), shall have one vote, and on a poll every such member shall have one vote for each share of which he is the holder.

B. No member, unless the Directors otherwise determine, is entitled to vote if any call or other sum presently payable by him to the Company in respect of any share held by him remains unpaid or if he or any person appearing to be interested in shares held by him, has been duly served with a notice under section 212 of the Companies Act 1985 (requiring disclosure of interests in shares) and has failed to comply with such notice within 28 days or such longer period as the Directors may determine.

(iv) Directors

A. The Directors are not required to hold any shares in the capital of the Company.

B. The provisions of Section 293 of the Companies Act 1985 (which regulate the appointment and continuation in office of Directors who have attained the age of seventy) apply to the Company.

C. A Director may be a Director or other officer, servant or member of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received or receivable thereby from such other company.

D. The remuneration of the Directors shall from time to time be determined by the Company in General Meeting. Such remuneration shall be deemed to accrue from day to day but shall not exceed in the aggregate the amount recommended by the Directors. The Directors may also be paid all reasonable expenses properly incurred by them in connection with the business of the Company.

E. Any Director who is appointed to any executive office on any committee or who devotes special attention to the business of the Company, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration as the Directors may determine.

F. The Directors may pay pensions and other benefits to, inter alia, any Director, or ex Director and his or her dependants.

G. No Director shall be disqualified by his office from entering into any contract, arrangement, transaction or proposal with the Company. Subject to the provisions of the Companies Act 1985 and save as therein provided no contract, arrangement, transaction or proposal entered into by or on behalf of the Company in which any Director is interested, whether directly or indirectly, shall be liable to be avoided, nor shall any Director who enters into any such contract, arrangement, transaction or proposal or who is so interested be liable to account to the Company for any profit realised thereby by reason of such Director holding that office or the fiduciary relation thereby established, but he shall declare the nature of his interest in accordance with the statutes. Save as provided in H below, a Director shall not vote in respect of any contract, arrangement, transaction or any other proposal whatsoever in which he has any material interests otherwise than by virtue of his interests in shares or debentures or other securities of or otherwise in or through the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

H. A Director is (in the absence of some other material interest than is indicated below) entitled to vote (and will be counted in the quorum) in respect of any resolution concerning any of the following matters, namely:—

(1) the giving of any security or indemnity to him in respect of money lent or obligations incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;

(2) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

(3) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any of its subsidiaries for subscription or purchase which offer he is or is to be interested as a participant in the underwriting or sub-underwriting thereof;

(4) any proposal concerning any other company in which he is interested, directly or indirectly and whether as an officer or shareholder or otherwise howsoever provided that he is not the holder of or beneficially interested in one per cent. or more of any class of the equity share capital (or of a third company through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed for these purposes to be a material interest in all circumstances);

(5) any proposal concerning the adoption, modification or operation of a superannuation fund or retirements benefit scheme under which he may benefit and which relates to both employees and Directors of the Company and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom such scheme or fund relates; and

(6) any proposal concerning the adoption, modification or operation of any scheme for enabling employees including full time Executive Directors of the Company and/or any subsidiary to acquire shares of the Company or any arrangement for the benefit of employees of the Company or any of its subsidiaries under which the Director benefits in a similar manner to employees and which does not accord to any Director as such any privilege or advantage not generally accorded to the employees to whom the scheme relates.

I. A Director shall not vote or be counted in the quorum on any resolution concerning his own appointment as a holder of any office or place of profit with the Company or any company in which the Company is interested including fixing or varying the terms of his appointment or the termination thereof.

J. Subject to the Companies Act 1985 (and, in particular, Part X of that Act) the Company may by ordinary resolution suspend or relax the provisions described in sub-paragraphs G, H and I above to any extent or to ratify any transaction not duly authorised by reason of a contravention thereof.

(v) Borrowing powers

A. The Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, and uncalled capital, or any part thereof, and, subject to the provisions of the Companies Act 1985, to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

B. The Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiaries (if any) so as to secure (so far, as regards subsidiaries, by such exercise they can secure) that the aggregate amount for the time being remaining undischarged of all moneys borrowed by the Group and owing to persons outside the Group shall not, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to twice the aggregate of the amount paid up on the share capital and the reserves of the Group (as defined in the Articles).

(vi) Dividends

All dividends, interest or other sums payable unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company. All dividends unclaimed for a period of 12 years after having been declared shall be forfeited and shall revert to the Company.

(vii) Entitlement to profits and surplus on liquidation

Subject to any special rights or restrictions attaching to any shares or any class of shares issued by the Company in the future the holders of the Ordinary Shares are entitled *pari passu* amongst themselves, but in proportion to the amount paid up or, in the case of a liquidation only, which ought to have been paid up on the ordinary shares held by them, to share in the profits of the Company paid out as dividends and any surplus in the event of the liquidation of the Company.

3. Executive Share Option Scheme

The principal provisions of the Rules of the Company's Executive Share Option Scheme ("the Scheme"), which were adopted subject to Inland Revenue approval by resolutions of the Company in general meeting passed on 28th February 1986 and 30th April 1986 are summarised below. The Scheme has been submitted to the Inland Revenue for approval under the Finance Act 1984.

(a) Offers of participation may be made in respect of Ordinary Shares to such full time executives (including Executive Directors) as the Directors shall in their absolute discretion select.

(b) The maximum number of Ordinary Shares over which options under the Scheme may be granted shall not exceed 750,000 Ordinary Shares, or such greater number as may be approved by the ordinary shareholders not exceeding 5 per cent. of the ordinary share capital of the Company. Subject to that limit, the Directors have the right to grant any options in respect of any number of Ordinary Shares, provided that the number of Ordinary Shares in respect of which options may be granted at any particular date shall not, inter alia, when aggregated with all Ordinary Shares appropriated for issue under any other share scheme throughout the duration of the Scheme, exceed 5 per cent. of the Company's issued ordinary share capital from time to time and further, when aggregated with all Ordinary Shares appropriated for issue under any other share incentive or share option scheme during any three year period, shall not exceed 4 per cent. of the issued ordinary share capital from time to time.

(c) The consideration for or on the grant of options is £1 and no options may be granted later than 10 years after the commencement of the Scheme. Options, which may not be transferred or assigned, will not be exercisable before the expiry of 3 years from the date of grant (except in the case of the death of the option holder or in certain other circumstances including a takeover of the Company and, conditionally on such resolution being passed, the giving of notice of a resolution for the voluntary winding up of the Company). Options will normally lapse at the end of ten years from the date of grant but will also lapse 12 months after the death of the option holder or in certain other circumstances including, inter alia, certain cases where the option holder ceases to be a full time executive of the Company whereupon the option will lapse within one month.

(d) The subscription price at which holders of options may acquire shares shall be determined by the Directors on or before the date of grant of an option but shall not be less than the greater of:

(i) the nominal value of an Ordinary Share; and

(ii) the market value of an Ordinary Share on the immediately preceding dealing day determined in accordance with section 150 of the Capital Gains Tax Act 1979 or where there is no such dealing day the market value of an Ordinary Share as determined by the auditors (subject to agreement with the Shares Valuation Division of the Inland Revenue) and calculated in accordance with Part VIII of the Capital Gains Tax Act 1979 for the date of grant.

(e) No executive may be granted options at any particular time to the extent that the subscription price thereof, when aggregated with the value (at their subscription prices) of any Ordinary Shares already acquired or remaining to be acquired by him on exercise of options granted under the Scheme or any other share option scheme approved under the Finance Act 1984 exceeds four times the executive's relevant emoluments for the current or preceding tax year.

(f) The Scheme contains provisions, inter alia, for the number of shares which may be issued under the Scheme, the number of shares comprised in any options already granted and the subscription price payable for each such share to be adjusted in the event of certain variations in the share capital of the Company.

(g) The Directors have the power to amend the rules of the Scheme and in particular to ensure that it qualifies as an approved scheme under any legislation for the time being in force relating to approved share option schemes provided that no amendment of the basic structure of the Scheme (including the basis of calculation of the subscription price, the total number of shares available under the Scheme and the maximum number of shares that may be subject to options granted to any one eligible executive) may be made without the prior approval of the Company in general meeting.

Subject to the approval of the Inland Revenue, the Directors intend to grant options over 158,780 Ordinary Shares at a subscription price equal to the Placing price to certain employees and executive Directors of the Company on the date that the admission of the ordinary share capital of the Company to the Official List becomes effective.

4. Directors' and other interests

(a) Immediately following the Placing the interests of the Directors and their families (all of which are beneficial) in the issued share capital of the Company, as they will appear in the register maintained under the provisions of the Companies Act 1985, will be as follows:

	Number of Shares	*%*	*Number of Options to be granted*
R.M.G. Avery	1,428,125	29.8	—
P. Baldwin	—	—	—
C.R.E. Brooke	—	—	—
R.S. Cox	51,339	1.1	34,854
M.G. Doubleday	51,339	1.1	73,089
J.M. Forbes	51,339	1.1	34,837

Subject to the approval of the Inland Revenue, it is intended that the above options be granted under the Executive Share Option Scheme to Directors at the Placing price on the date that the admission of the ordinary share capital of the Company to the Official List becomes effective.

R.M.G. Avery, R.S. Cox, M.G. Doubleday and J.M. Forbes are selling 1,000,000, 14,286, 14,286 and 14,286 Ordinary Shares respectively through the Placing arrangements.

R.M.G. Avery holds one share in the capital of TPSI as nominee for the Company.

Save as disclosed above, none of the Directors of the Company has any interest in the share capital of the Company or its subsidiary.

(b) Save for the interest of R.M.G. Avery stated above, the Directors are not aware of any persons who directly or indirectly will be interested in 5% or more of the issued share capital of the Company following the Placing.

(c) P. Baldwin is a partner in the firm of Baldwin & Co. who are solicitors to the Company, who received a fee in connection with the management buyout in July 1984 and will receive a fee in connection with the Placing.

(d) C.R.E. Brooke is the Chief Executive of, and a shareholder in, Candover Investments plc, one of the promoters of the Company disclosed in paragraph 11(c) below.

(e) Save as disclosed above, no Director has any interest in any transaction which is or was of an unusual nature, contains unusual conditions or is significant to the business of the Company or its subsidiary and which is or was effected by the Company or its subsidiary during the current or immediately preceding financial year or an earlier financial year and which, in the latter case, remains in any respect outstanding or unperformed.

(f) The founders of the Company were R.M.G. Avery, M.G. Doubleday, R.S. Cox and J.M. Forbes whose addresses and functions are set out above.

5. Directors' service agreements and emoluments

(a) R.M.G Avery, M.G. Doubleday, R.S. Cox and J.M. Forbes have service agreements with the Company. These agreements run for a fixed period until the 31st December 1989 and continue thereafter but may be terminated by either party giving not less than 12 months notice to expire on or after 31st December 1990.

The remuneration payable under these agreements is as follows:—

	Salary	*Commission on adjusted profits before tax of TPS*
R.M.G. Avery	£35,000	5%
M.G. Doubleday	£21,000	4%
R.S. Cox	£18,928	3½%
J.M. Forbes	£15,000	—

J.M. Forbes receives a commission of 3½% on the adjusted profits before tax of the Scottish office. R.M.G. Avery receives a pension contribution of £10,000 per annum.

(b) Save as disclosed in (a) above there are no existing or proposed service agreements between any of the Directors and the Company or TPSI which cannot be determined within 12 months by the employing company without payment of compensation (other than statutory compensation).

(c) The aggregate emoluments of the Directors in respect of the financial period ended 29th December 1985 amounted to £232,000 (inclusive of bonus, pension contributions and other benefits). The aggregate emoluments of the Directors in respect of the current financial period ending 28th December 1986 are estimated, under the arrangements in force at the date of this document, to be approximately £194,000 (inclusive of bonuses, pension contributions and other benefits).

6. Premises

TPS's business is conducted from the following locations:—

(a) Leasehold office premises at 25 Buckingham Palace Road, London SW1, comprising 2,100 square feet, which is the Head office of TPS. The premises are held on a ten year lease expiring on 31st October 1987. The annual rent payable is £21,750.

(b) Leasehold office premises at 31-33 Hopetoun Road, South Queensferry, West Lothian, Scotland, comprising 3,000 square feet, which is the Scottish office of TPS. The premises are held on a five year lease expiring on 14th May 1990. The annual rent payable is £6,000.

7. Placing arrangements

By an agreement ("the Placing Agreement") dated 1st May 1986 made between the Directors (1) the Vendors (as therein defined) (2) the non-Vendor Shareholders (as therein defined) (3) the Company (4) and Schroders (5), Schroders has agreed, subject to the admission to the Official List by the Council of The Stock Exchange of the Ordinary Shares becoming effective not later than 15th May 1986, to subscribe or procure subscribers for 857,143 Ordinary Shares and to purchase or procure purchasers for a total of 1,115,138 Ordinary Shares, in each case at 140p per Ordinary Share.

Under the Placing Agreement:

(a) The Vendors have agreed to sell the following numbers of Ordinary Shares:

R.M.G. Avery	1,000,000
Investors in Industry plc	72,280
R.S. Cox	14,286
M.G. Doubleday	14,286
J.M. Forbes	14,286

(b) The Directors have given, on a joint and several basis, warranties concerning the accuracy of this document and the affairs of TPS and, on a several basis, an indemnity to the Company in respect of certain taxation liabilities.

(c) Each of the executive Directors has agreed, save as set out in (a) above, not to sell, transfer, grant any option over or otherwise dispose of any Ordinary Shares held by them before 1st May 1987 and R.M.G. Avery has agreed not to sell, transfer or dispose of more than an aggregate of 50% in nominal value of the Ordinary Shares held by him immediately following the Placing before 1st January 1991.

(d) The Company and the Vendors have agreed to pay to Schroders a commission of 1¼% on the Placing price plus VAT thereon (in the case of the Company on the total value of the 857,143 Ordinary Shares subscribed and in the case of the Vendors on the total value of the 1,115,138 Ordinary Shares purchased) out of which Schroders will pay a commission to Cazenove & Co.

(e) The Company has agreed to pay all other costs and expenses of and incidental to the Placing and the admission to listing including a fee to Schroders and Cazenove & Co.

(f) As part of the Placing arrangements employees of TPS have indicated their intention to purchase an aggregate of 1,285 Ordinary Shares at the Placing price.

8. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or TPSI in the two years immediately preceding the date hereof and may be or are material:

(a) An Agreement dated 19th April 1984 made between C&D Inc (1) R.M.G. Avery (2) and C&D UK (3) being the share purchase agreement ("the Share Purchase Agreement") whereby C&D Inc granted an option to R.M.G. Avery to purchase the shares of C&D UK for a consideration of US$2.6 million.

(b) An Agreement dated 13th July 1984 made between R.M.G. Avery (1) C&D Inc (2) and the Company (3) whereby the parties agreed the terms upon which the Company acquired the shares of C&D UK pursuant to the Share Purchase Agreement and further agreed that the Company should have the full benefit of the representations and warranties (as to the trading position and liabilities of C&D UK) and the indemnity (as to the taxation liabilities of C&D UK) given by C&D Inc pursuant to the Share Purchase Agreement. R.M.G. Avery remained solely liable in respect of the trading warranties and tax indemnity given by him to C&D Inc under the Share Purchase Agreement and the Company assumed no liability in respect of such warranties and indemnity.

(c) An Agreement dated 13th July 1984 expressed to be made between Candover Investments Limited, The British Petroleum Pension Trust Limited, Murray Ventures PLC, Prudential Assurance Company Limited, Investors in Industry plc, Electra Investment Trust PLC, Alliance Assurance Co. Limited as Trustees of the Hoare Candover Exempt Fund ("the Investing Institutions") (1), R.M.G. Avery, M.G. Doubleday, R.S. Cox, J.M. Forbes ("the Managers") (2), C.R.E. Brooke, P. Baldwin ("the Non-Executive Directors") (3) and the Company (4) being the subscription agreement ("the Subscription Agreement") whereby the Investing Institutions agreed to subscribe at par for 850,000 Preference Shares of £1 each and 250,000 Preferred Ordinary Shares of £1 each in the capital of the Company subject to the conditions set out concerning the completion of the Share Purchase Agreement and on the basis of the warranties provided therein by the Managers. The Subscription Agreement further regulated matters concerning the shares, management and financial arrangements of the Company and set out the powers of the Non-Executive Directors and the obligations of the Managers.

(d) A Discharge Agreement dated 1st May 1986 made between the same persons as are parties to the Subscription Agreement being the agreement whereby the parties agreed to set aside the Subscription Agreement.

THE ARTS

Cinema/Nigel Andrews

Too shady a picture of paranoia

Shadey directed by Philip Saville
Flesh and Blood directed by Paul Verhoeven
The Jewel of the Nile directed by Lewis Teague
The Legend of Billie Jean directed by Matthew Robbins
Zina directed by Ken McMullen

We have all seen, have we not, those TV news items—they turn up once a decade or so—about people who claim to be able to "think" mental images onto film? The only problem with this miraculous psychic feat is that the images are usually unrecognisable. What the subject claims to be a thought-image of Chartres Cathedral tends to resemble a collision between two giant sheep at dead of night on a foggy motorway; while a thought-image of the thinker's mother tends to resemble Chartres Cathedral.

In the "surrealistic black comedy" *Shadey*, written by playwright Snoo Wilson (of *The Beast*) and directed by Philip Saville (of TV's *Boys From The Black Stuff*), Anthony Sher plays the paranormal hero, a mild-mannered young bankrupt who seeks to hire out his thought-filming talent in return for the money for a sex-change operation. There is only one condition, he insists. He will not work for political or military espionage. Aha, cries MI5 (Billie Whitelaw and Bernard Hepton), dragging Mr Sher into their laboratories and twirling their imaginary moustaches, he will not will he, we will see about that. And soon, of course, they do and he is.

This being the ideal world of cinema, Shadey's thought-movies are in glorious colour and crystal-clear, apart from a largesse of dots as if influenced by Roy Lichtenstein paintings. What is not crystal-clear is what the movie itself is about. The more our modern-day Christ-cum-Candide hero, an innocent crucified by military science, is trundled pell-mell through the corridors of power, thought-filming everything from Russian submarines to Sir Patrick Macnee's hanky-panky with his own daughter (Macnee is the talent scout tycoon who first discovers Shadey), the more the film seems like an essay in Orwellian paranoia that has bitten off more than it can chew or be chewed by.

In or around the main plot, to confuse us further, there is also a goofy Belgravian wife (Katherine Helmond as Lady Macnee) whose activities include eating coal from the fireplace, trying to drown herself in the sea and stabbing Shadey in the genitals. There is Macnee's daughter (Leslie Ash), a model who acts in kinky TV commercials. There are Ms Whitelaw and Mr Hepton, a sexually ambiguous duo of mannish lady medico and epicene *espion*. And there is a narrative that oscillates between fantasy and reality with very little conviction in either mode.

If directed at a consummately deranged lick by Ken Russell, or in deadpan-Piranesian style by Terry Gilliam, the whole thing might have worked. But the film has no stylistic unity or momentum, and no clear allegorical purpose beyond the obvious pot-shots at political power-play and duplicity. The only thought-processes I should like to see transferred to film are those of the moguls who choose, bravely but aberrantly, to bankroll it.

*

In a week's films not noted for their high degree of sanity, *Flesh And Blood* is slightly less bonkers than *Shadey*. But only slightly. "Come on, you bloody bastards, this stuff'll curl the hairs of Christ!" cries pregnant camp-follower Susan Tyrell, waving a galligaskin of wine at her pals in a mediaeval besieging army. Soon a splinter group of malcontent mercenaries, led by Rutger Hauer and including Miss T, have charged off into the countryside, peeved at being robbed of their looting privileges after victory by their leaders.

Ere long, it is all happening out there in the country. Miss Tyrell delivers a stillborn child. A beautiful princess (Jennifer Jason Leigh) is kidnapped and gang-raped by the gang. A nutty priest (Ronald Lacy) stabs an unbeliever through the thorax. The gang brutally seize a castle and defend it against the princess's pursuing Dad. Bits of dismembered plague dog are catapulted over the walls. Miss Tyrell throws up and dies. Hauer imprisons Leigh in the burning castle. The princess's fiancé (Tom Burlinson) is captured and half-stabbed and half-burned to death.

With films like this, who needs World War III? Ever and anon Dutch director Paul Verhoeven (of *Soldier of Orange* and *The Fourth Man*) varies the blood and thunder by putting a poetically memorable image up on the screen. As with the flaming hangman's noose that Hauer's band witness in the sky and in which they descry evil things to come; having been brought up, no doubt, in the belief that no noose is good noose. But elsewhere poetry is in short supply, being supplanted by much rabid action hyperbole and much near-certifiable co-production dialogue.

I wish I could extend relief to your fevered brow by speaking well of *The Jewel Of The Nile*, an all-action follow-up to *Romancing The Stone*. But this romp, after sending palpitations through all us film critics now packing for the Cannes festival with an early scene of an Arab-planted bomb explosion in Cannes harbour, spirits romantic novelist Kathleen Turner and adventurer Michael Douglas into the heart of the Sahara for a long and painful seizure of a movie yarn. Amid the burning sands an Arab demagogue threatens to take over the world, or as much of it as he can in the 107 minutes before the end credits mercifully intervene.

All resemblances between this Arab demagogue and any real-life Arab demagogue are purely coincidental. So are all resemblances between this film and *Romancing The Stone*. The wit, charm and exoticism of the first Turner-Douglas romance are here replaced by a slam-bang-thank-you ma'am series of knockabout turns—a fight on a train, a runaway plane, many a pratfalling display by the dismally unfunny Danny De Vito—and by direction that is witless, graceless and relentless throughout.

*

At least *The Legend Of Billie Jean*, a tale of teenage revenge in the American South, goes about its business without unduly florid blood-letting or frantic tongue-in-cheekery. The Billie Jean of the title (played by Helen "Supergirl" Slater) is not the famous racket wielder but a small-town teenager who goes on the run—with her brother and two girlfriends—when a store-owner is shot after a difference of opinion concerning a vandalised motor scooter (her brother's) and a near-rape (hers). Picking up a mock hostage *en route* (Keith Gordon as a boyfriend who agrees to be tied up) and sending video declarations of their innocence to the TV and police stations they hope to return to the arms of society as fully vindicated fighters for justice.

A missing page in the press hand-out prevents me from commending the writer and director by name, but the film is sharp, credible and refreshingly lively.

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Not so Ken McMullen's *Zina*, which moves at the pace of a stunned tortoise. Leon Trotsky (Philip Madoc), Trotsky's daughter Zina (Domiziana Giordano) and Zina's psychoanalyst (Ian McKellen) crawl through austere historical tableaux and dialogue scenes of Delphic obscurity, as Zina's personal traumas are interwoven with those of the political century. The acting is minimal, the script is impenetrable, the framework is torpid, and shortly after Trotsky left Russia for Turkey, I left the cinema for home.

Making up an image—Anthony Sher in Shadey

The Winter's Tale/Stratford upon Avon

Martin Hoyle

The strengths and defects of this quirky, likeable and streamlined production (150 lines cut, but pace has more to do with buoyancy than mere length), are epitomised by the shepherd's dances. Whether Autolycus is tangoing or the peasants romping round to a distant variant of "We're in the money," Terry Hands' direction is visually striking, high-spirited, not too sure of its styles and slightly untidy. It is also fascinating and moving.

We first see the court of Sicilia through white gauze to the haunting minor key tinkling of Nigel Hess' wintry music. Regency costumes are white—tail coats boots and all. The floor is covered by a vast polar bear skin, whose huge head glares out at the audience, the play's softness and savagery personified.

Interest soon centres on jealous Leontes. Jeremy Irons plays him as Hamlet in manic mood, twitchy, restless, whimsical and nervy. He can assume rueful humour, as when he focuses on us for a quizzically camp "I am a feather for every wind that blows." That would not disgrace Frankie Howerd.

Torn by paranoia, his humour ranges from merely mocking mischief to cruel irony. He prowls up and down before pouncing with, "She's an adulteress."

Frantically scratching his head, biting his nails at Hermione's labour pains, by the play's end he is in a wheelchair, the odd involuntary twitch dangerously recalling Peter Sellers' mad scientist in *Strangelove* and looking alarmingly like Mr Richard Branson.

Penny Downie and Jeremy Irons in The Winter's Tale

Gerard Howland's set and Alexander Reid's costumes are often beautiful and always eye-catching. We meet the young shepherd in white fur eskimo boots and hood. The giant bear rears 20 feet or so over poor Antigonus before sagging disappointingly into a hearthrug. After an initial bear disguise, Autolycus is disguised as a Turkish peddlar (astride a stuffed white angora goat on wheels), while the peasants, all pantaloons and waistcoats (mustard, russet, red) locate Bohemia in Asia Minor.

Colour is used carefully throughout. For the oracle scene white is splashed by crimson capes and sashes in Napoleonic consular splendour. The final scene finds the actors in different shades of blue, from midnight crushed velvet to ultramarine chiffon. Elegiacally paced, Hermione's statue descends from the pedestal not before a boggling court but to an intimate circle of old friends and loved ones; and is marvellously moving.

Penny Downie doubles as mother and daughter. A loving, no nonsense Hermione, she looks slight too old for Perdita though sweet but unsickly, spirited and fresh. Nathaniel Parker is a positive and stylish Florizel.

Gillian Barge slightly exaggerates Paulina's eccentricity, too consciously a character. Paul Greenwood's Polixenes is puny in rage, flimsy in authority. He could do with a lesson from Bernard Horsfall's regal old shepherd. Joe Melia's Autolycus is oddly muted—unintelligible song settings are no help. But the whole cast may find its feet with repetition. A fascinating and likeable production.

Baal/Almeida Theatre

David Murray

Brecht wrote the first version of *Baal* when he was 20, and it is a truculent self-portrait — the poet as irresistible monster. Baal offends and titillates bourgeois patrons, is casually cruel to all the women he acquires with rampant ease, lives and dies scrofulously, and emits poetic images non-stop. There is no social critique whatever; any audience is expected to find what Baal does appalling, and the implied retort is "So what?"

What Baal *says*, the string of sudden perceptions turned into words and flung into the air, is crucial, and the Leicester Haymarket Studio has sensibly commissioned a fresh translation from the poet Christopher Logue. But a culture-gap remains: the rhetorical-ironical-fantastical monologue in German theatre goes back as far as Büchner's *Woyzeck* and *Dantons Tod* (and is still the stock-in-trade of many a student Bohemian), and it has no convincing English equivalent. Here, Michael Bray's Baal adopts a manically rapt expression whenever the poetry is up, but it never sounds fresh-minted — and besides, Brecht trades upon the magical weight of some simple words (like colour-adjectives) that have no such *Affekt* in English.

The result is that Baal-the-poet remains out of focus. It does not help that Bray seems basically a nice boy, even clean-cut, especially among the bourgeois grotesques with whom we first meet him. (Nothing becomes him like the surface dirt he accrues for the second half.) He is never a real monster, nor are there lightning-flashes in his poetic *afflatus*.

The other six Leicester actors fill many roles, as unevenly as Brecht wrote them, from sharp sketches down to Mummerset. Hilary Dawson is a moving Sophie, the longest-running and most abused of Baal's women; as his helplessly besotted male friend, Stephen Jameson is decent and desperate. David Fielder is differently sharp in several parts, notably as the cool village priest who defuses one of Baal's meaner japes, and John Baxter transfers efficiently from well-bred young acolyte to odder characters.

Stephanie Howard's designs permit each of the many scenes to slip swiftly into the next, and the director Nancy Meckler has ensured a clear narrative line—Establishment splash, wilful decline and visionary ruin. Brecht-lovers will be grateful for his lucid snapshot of the pre-Marxist poet, rudely selfish ideals and all. All the same, animal vitality (even in verbal flights) should be decisive, and it isn't.

The Marriage of Figaro/Theatre Royal, Glasgow

Rodney Milnes

What can a director do with *Figaro*, a work so far fiercely resistant to the chain-saw and oil rig school of opera production (and that is not intended as a challenge)? Cast it as strongly as possible and play it straight — what the piece is about is right there on the surface — and that is more or less what John Cox has done in his new staging for Scottish Opera, which was rapturously received on Wednesday by an audience that perhaps has had more than its fair share of the other in recent months.

And of course get the music right, which it most certainly was under the wise guidance of György Fischer. After the curiously dull *Così* for WNO, it was good to hear this fine Mozartian back on top form, drawing crisp and shapely playing from the orchestra, pacing each dramatic paragraph with unobtrusive skill, and showing with his care for individual phrase and instrumental colour that he was fully aware of what the music is implying both about the action and through it. This was most distinguished conducting.

Mr Cox's production was focused tightly on the four principal characters, almost to a fault. Some of the subsidiary roles were caricatured in a stock way, recalling many a Brand-X Figaro over the last 20 years—an epicene Basilio (Hugh Hetherington), a green-faced Curzio (John Brackenridge), a Bartolo who plainly won his doctorate at Bologna (William McCue), a *grande dame* Marcellina (the expert Catherine Wilson—how could she afford that frock?). These figures may be firmly rooted in the *commedia* but can surely yield more in the way of depth through the medium of Mozart.

With the principals we were on safer ground. Isobel Buchanan very rightly presented Susanna as by far the most aware and intelligent character on stage, a resourceful, tough, hugely likable young woman. She sang most beautifully (hints of strain at the top, cleverly covered, notwithstanding), sharing vocal honours with Margaret Marshall's expressively sung Countess (a spirited, not a droopy neglected wife and refreshingly youthful in her reactions), and with Diana Montague's now classic Cherubino.

If the men yielded less consistent vocal pleasure, it was perhaps because both were guests from Covent Garden and were still not used to the smaller house—their tone was too forceful, almost hectoring at times. Roderick Earle's Figaro caught a fine balance between natural ebullience and dumb, resentful insolence sharpened by the fact that news of the threat to his manhood was delivered *in front* of the other servants. Despite a lapse of memory, he made his fourth-act aria a memorably affecting articulation of black disillusion.

The Count is the trickiest of the quartet. In the person of Jonathan Summers he was not just amiably randy, more a compulsive satyr, as the tactfully draped statue in the first act warned us; fair enough, but the character must be able to inspire a degree of sympathy in the audience if the action is not to stray into areas of black and white rather than interesting grey. The Count as presented here compromised the credibility of the *denouement*. A puppy, not a full-grown Doberman, is what is needed.

Such matters of nuance can change from performance to performance. What cannot change, alas, is the curiously ugly decor by the playwright John Byrne, who instead of using sets and costumes to define time, place and character settled for a generalised, decidedly Hollywood-in-the-Thirties view of 18th-century Spain. It all looked strangely old-fashioned, as (it must be said) does the production as a whole. But there are worse crimes than that. The opera was sung in good, clear Italian.

Evita/Opera House, Manchester

B. A. Young

Harold Prince has come from America to spend a week supervising the direction of Evita, with two lady assistants. The production is as splendid as it was in London, with the dextrous designs of Timothy O'Brien and Tazeena Firth and lighting by David Hersey.

Larry Fuller's clever choreography, with its cunning use of contrasting bodies of dancers in juxtaposition, makes the most of a fine team of dancers. There is a good 25-piece pit band under Stephen Hill. All this inventive wit in the production is the key to Evita, for I do not very much admire Andrew Lloyd Webber's music or Tim Rice's libretto.

Confronted with current affairs instead of legend, Tim Rice has abandoned poetry for cliché-ridden doggerel, which has not inspired the composer to the earlier levels we remember. Harmony and melody are never adventurous. There is seldom a pleasing legato phrase to let the singers show off their voices. The only way to interpret a Lloyd Webber song is to treat it as dialogue; to sing it is only to sing the notes.

Possibly this is Mr Lloyd Webber's preference, for all his chosen singers sound much alike. The shapely, brisk Kathryn Evans as Evita has the same acute exactness, the same lack of tenderness that we have heard in his other leading singers (if we except Aled Jones). Jimmy Kean's Che is different, treating his songs as dialogue, and making them come out very well. As Peron, Michael Bauer has a true operatic voice, but is not given much to do with it.

There is only one real singing part, Magaldi the entertainer, but his song, "On This Night of a Thousand Stars" is a parody, and Robert Farrant does what he can. I was impressed by 16-year-old Marsha Bland as Peron's mistress. She has only one song, "Another suitcase in Another Hall," and no lines, but she has a very sweet voice and persuaded me that she was what Tim Rice says, a peripatetic tart.

Let no one be put off by my detractions. Evita is wonderful to look at, and the Manchester audience was entraptured.

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000
Friday May 2 1986

Prisons on fire

SOME OF the worst rioting, arson and anarchy seen in Britain's prisons since the Second World War is a sign of a deep-seated malaise in the country's penal system. The Government has talked long and often about the importance of law and order but it clearly has not thought sufficiently hard about the reform of its prison service.

The immediate priority for Mr Douglas Hurd, the Home Secretary, is crisis-management: he needs to maintain a tough stance and a cool temper without making unwise concessions to the prison officers. In the longer term, a thorough overhaul of prison management is essential.

As one prison governor recently remarked, at the bottom of the dispute lies a complete breakdown of trust between the uniformed foot-soldiers who actually guard prisoners and the upper echelons of the service. The prison officers seem to believe that the senior managers, who are trying to impose new financial disciplines, have no idea of what life is like at the sharp end. There may be some truth in this: tension in many prisons is running high because of overcrowded cells and Victorian sanitation. Some of the opposition to lower manning levels may indeed reflect sheer fear on the part of prison officers.

Financial stringency

On the management side, however, the exasperation is equally deep-seated. The Prison Officers' Association is a particularly powerful union and it has established over the years a quite unacceptable degree of influence over how prisons are run. Both prisoners and taxpayers suffer because of the prevalence of uneconomic restrictive practices in Britain's jails. The Government is right to insist on management's right to manage.

The problem, however, is that it is never easy to alter long-established work-patterns against a background of financial stringency. As part of the Financial Management Initiative, prison governors have for the first time been set strict cash-limited budgets. In some cases, an absolute cut in spending is being demanded. Prison officers are facing big cuts in the number of hours of permitted overtime.

In most industries, this would not be a severe sanction: it is in prisons because the whole structure of pay is based on the assumption of long hours of overtime—the average is 16 hours a week against a national average of three-and-a-half.

If Mr Hurd is to restore the missing trust between prison officers and senior management and at the same time introduce rational and flexible working practices, he may have to grasp the nettle of low basic pay for what is by most standards a hazardous and demanding job. If basic pay were improved and prison officers given the same assurances about inflation adjustments and so forth that have been given to the police, the excessive reliance on overtime could be reduced without the threat of lower living standards for warders. A carrot and stick approach, rather than pure stick, might be a better way to improve the running of prisons.

Immediate priority

The disorder in prisons is not just a function of pay and working practices. It is also a reflection of an apparent inconsistency in the Government's approach to law and order. Ministers have demanded a crack-down on offenders and argued the case for long custodial sentences. Yet they seem not to have made certain that there are sufficient jails to house the offenders. The result is that British prisons are more crowded than ever before. The Government has embarked on an ambitious programme to build prisons but unless sentencing policies change, the problem of overcrowded cells may persist into the 1990s.

Mr Hurd's immediate priority is to ensure that there is not another outbreak of violent disorder in Britain's jails. This may require a finely judged mixture of tough talk and conciliatory gestures. The longer-term requirement is a carefully thought-out package of reforms covering sentencing policy, prison buildings, pay and working practices.

Meltdown for Moscow's image

THE HEALTH of thousands of Soviet citizens has been placed at long-term risk by the Chernobyl nuclear disaster. These people deserve sympathy as much as, or more than, all those in eastern, western and northern Europe justifiably outraged at being given no Soviet warning or information about the resulting fall-out. Moscow appears to have avoided discrimination: it kept everyone, regardless of citizenship, in the dark for as long as possible.

One does not have to disbelieve the Soviet Government's statement that in the immediate aftermath of the accident two people died and 18 are now seriously sick to know that this is far from being the end of the story. Radioactivity is not forever but it can be for a very long time. People have been evacuated from areas "adjacent" to Chernobyl. But how adjacent is "adjacent"? Air and water quality in the big nearby Kiev conurbation is said to be "acceptable." But how can one accept or measure "acceptable" from a government that, four days after the accident became known in the world, has yet to give any precise analysis of the disaster?

Unique design

Why has the Kremlin been almost medievally secretive? One reason must be Chernobyl's dual use, making plutonium for weapons as well as generating electricity. It was perhaps significant that the only western countries—West Germany and Sweden—so far sounded out for advice by Soviet officials are non weapon states.

Such inhibitions on the Soviet side are ridiculous. The West would like to know, now more than ever, about the unique Soviet design of RBMK reactor as at Chernobyl to see if what went wrong there has any lessons for western civilian reactors.

The west's assistance would not need it to "catch" the Soviets making bombs at Chernobyl because we already know that is part of what they do there (and they know we know). Nor could the Soviet Union be "caught" breaking International Atomic Energy Agency safeguards—it is already known to be a nuclear weapon state.

A second reason for Soviet silence is probably embarrassment at the Chernobyl blow to Soviet technology's world image. The Soviet leadership propagates an old-fashioned belief in science as progress, with sectors such as space and nuclear power at its leading edge. Now that they have had a massive failure in a technology where they seemed on a par with anyone in the world, the atavistic Russian chip-on-the-shoulder about technical inferiority reasserts itself and they want the whole affair hushed up.

For the first time this year, the Soviets televised live one of their space shots. One wonders whether that will now be repeated. The traditional Soviet psychology of bringing the curtain down on their own bad news, publicising only other people's, seems to have taken hold again. With it goes an apparent and most unattractive callousness towards their own citizens caught up in major accidents.

Proper answers

Internationally, Moscow has shot itself squarely in both feet with its handling of the disaster. At the very time when Soviet propaganda increasingly stresses the awfulness of a nuclear world and sets out far-reaching disarmament plans to end this by the year 2000, the Soviet Union has done more than anything in recent history to conjure up that nuclear spectre—and in such a way as to earn it maximum mistrust abroad.

Western Europe, only so recently shaken in its faith in the Reagan Administration by the bombing of Libya, now sees itself subjected to radioactive fall-out without prior warning. Sir Geoffrey Howe described this mildly as "a serious lapse in European good neighbourliness."

There are also lessons which the whole western alliance will draw in the arms control field. Recent Soviet talk of accepting on-site verification to monitor possible bans on nuclear tests and chemical weapons production look hollow when Moscow refuses any verification or monitoring of the Chernobyl accident. Agreement on other "confidence-building measures" becomes harder the less confident the west is in the Soviet Union.

Some of the lost confidence could be speedily restored if Moscow were now to give proper answers to the rest of the world's questions: when and how did this accident happen? Was it design or operator failure? What are the health risks and radiation levels the Soviets are measuring and calculating? and what new safety steps are being taken? But trust, more intangible, in responsible Soviet leadership will take longer to repair.

CHEMICAL PRICES IN EUROPE

The great EEC paper chase

By Paul Cheeseright in Brussels

THE COMPANIES INVOLVED

EXECUTIVES AT ICI are very good at taking notes. Their secretaries are very good at filing them.

So good, in fact, that when the UK chemical group's London offices were raided on October 13-14 1983 they yielded what were to become the crucial building blocks of a major cartel-breaking case.

Nine other European chemical producers were raided that night. Their records corroborated those of ICI, so that six months later the European Commission could start formal proceedings against all the main chemical producers trading in the European Community for operating a cartel in the sale of polypropylene.

It has turned out to be the Community's biggest anti-cartel case for a decade, resulting in the biggest single fine ever imposed on a Community company — Ecus 11m (£7m) on Montepolimeri of the Montedison group—and the biggest Community fine ever imposed on a British company — Ecus 10m on ICI. Fines of Ecus 9m were imposed on Hoechst and Shell International Chemical, plus smaller fines on 11 other companies.

The surprising thing is that the Commission was not quicker off the mark. The Commission's own internal documents show that the cartel had been operating under its nose for six years.

The Commission is both policeman and magistrate of the Community competition rules but it did not become aware of what was going on until it started to pay close attention to the chemical trade press. That prompted the dawn raids.

The commission says it found cartel members used to have plenary sessions when senior managers or technical experts would gather together to discuss price-fixing and market shares. Zurich was the favoured site—used 28 times out of 55 known meetings between September 1979 and September 1983.

But there were local meetings as well, where the cartel members met to sort out specific and local market problems. There were 43 of those known by the commission to have taken place between February 1982 and October 1983, the last just nine days before the raids.

Generally, executives taking part in the meetings disguised the purpose of their travelling in their internal records under the rubric of visits to customers. The meetings became regular, institutionalised over the years. But the start was more tentative.

Back in 1977, Montepolimeria, Hoechst, ICI and Shell had between them about 64 per cent of a 960,000 tonne market. The rest was taken up by ANIC, Rhone-Poulenc, Huels, BASF and Linz. But capacity was expanding, new producers were coming on the market—Amoco, Hercules, Ato, Solvay, SIR, DSM, Saga (later to be absorbed by Statoil) and Petrofina. So much capacity that the market could sustain only just over a half of it, according to ICI.

The only way to survive, it looked to the Big Four producers, was to work the price upwards and organise the market so that all the producers had a notch in it. In 1977, commission evidence shows, they took the first moves by setting DM 1.25 a kilogram as the guideline floor price for the basic raffia grade of polypropylene: a DM 0.25 increase on the going price. Other producers were told about it and, as the commission reads it, did not demur.

Those early contacts set the pattern. The Big Four would make the running and the rest would be drawn in behind them. The Big Four would meet before the plenary sessions of the cartel—at least seven meetings have been traced between October 1982 and August 1983, taking place at Heathrow Airport in London, Barcelona, Vienna, Geneva twice and Zurich twice. They were the unofficial but acknowledged directorate.

Price rises were planned several months in advance and negotiations among the producers would take place to settle respective production tonnages or percentage market shares.

The price objectives were based on German raffia prices and then translated into local currencies and adjusted for the different grades of polypropylene. A new target level would be set and then the producers had to go to work to make it hold on the market.

Customers would be softened up through the chemical press. Reports would appear of a price offensive. This would be led by one company—Shell, for example, in mid-1983. Against this background, the companies would be writing to companies letting them know of price rises in prospect. Company sales offices would not be permitted to engage in special deals with major clients without consulting head office first. And the sales offices would be told to turn away demands rather than backtrack on the price.

Meanwhile the companies would be exchanging information among themselves, closing the opportunities for customers to shop around in the search for keener prices and trading information about temporary plant closures.

According to an ICI document inspected by the Commission, Hercules, the only US-based company in the cartel, suggested in 1982 that the system became more elaborate with the introduction of account leadership. This meant that major customers were identified and a leader would be designated to negotiate price increases. If the customer looked elsewhere, he would be quoted a higher price still.

Alongside this, each producer would have an allotted production level, regularly adjusted to take into account market trends. But of the Big Four, in 1980, ICI was the only company which sold less than its allotment. ICI and Shell, at one point in 1981, considered whether there should be sanctions against companies which overstep their quota. The idea was taken up again by the Big Four a year later, but not pushed.

The production quota system remained essentially voluntary, but with the producers meeting regularly and providing information about their monthly output levels.

And relations in the cartel itself do not appear to have been particularly relaxed. The first chairman was Montepolimeri, but ICI took over in 1982 and, according to the commission, a stronger effort to push through price rises followed.

Attitudes and actions fluctuated. Among the Big Four, Shell would not take part in the plenary sessions. Solvay, during 1982, seeing production and demand in balance, thought the meetings were useless. Saga was classed by other cartel members as indisciplined because it sought to be aggressive on prices as a means of building up its production quota.

In the end, the results for the companies were limited. It is true that by the time the Commission staged its dawn raids, polypropylene prices had doubled in six years, but profits remained sparse. Between 1979 and 1983, ICI, Montepolimeri, Hoechst, Huels, BASF and DSM claim to have lost collectively more than DM 1bn (£297m). Profit margins began to look respectable only at the end of 1983.

AFTER THE GLAMOUR YEARS, THE PRESSURES OF OVER-CAPACITY

FOR ICI and the industry as a whole, the polypropylene cartel was a return to the nostalgic past. Until the Second World War, the international chemical industry relied heavily on price-fixing.

It was the US anti-trust authorities who, in the early 1940s, put a stop to agreements on prices and output which for ICI, Du Pont and the German majors had been the normal way of conducting international business for almost eighty years.

To understand what went on in the early 1980s, it helps to recall the state of shock in which Europe's petrochemical industry had been plunged by the recession.

Ever since the 1950s, plastics had been the glamour end of the chemicals industry.

In 1980, though, the industry was faced with its first drop in demand, and on a truly dramatic scale.

It was too late, though, to halt the huge investment programmes which the industry had put in train in the late-1970s. In polypropylene especially, high growth rates had led to a rash of new producers entering the market.

Not surprisingly, there is some disagreement between the industry and the Commission on just how severe the crash was. An outside view is given by the London-based firm of chemical consultants, Chem Systems International.

The Chem Systems model of profitability ranks plants across Europe in terms of their cost base. Mr John Philpott, a consultant with the company, says "in the early 1980s, the most efficient polypropylene plants were oscillating around break-even on a cash cost basis—that is, they were loss-making after depreciation and interest charges."

According to Chem Systems, the situation started to improve sharply in early 1983, peaking at around the year-end—just after the Commission had sent in the investigators.

ICI's openness over the whole affair contrasts with the attitude of the other cartel members. ICI's decision publicly to accept a measure of blame when the fines were announced last week was made at the insistence of Sir John Harvey-Jones, group chairman since 1982. At the company's annual meeting this week, Sir John went out of his way to express personal regret at any lapse by his company.

ICI says there has been no change in its official policy, which always maintained that business should be conducted in accordance with competition laws. Immediately after the raids, though, sales and marketing personnel were told that they are individually responsible for observing this policy. And, the company says, "disciplinary action was taken against individuals. Nobody was fired, but those responsible are no longer in that area."

Shell, by contrast, says it has denied the "alleged infringements" from the outset. Like Hoechst, Hercules and ICI, Shell says it has seen nothing from the Commission but a telex detailing the fine and the other companies involved. Hoechst, Hercules and Shell all decline to comment until they have seen the full evidence. Other companies fined were unavailable for comment.

There remains the Commission's intention to investigate possible cartels in two other bulk plastics, PVC and polyethylene. Again, ICI is the only company to acknowledge that it knows what the Commission is talking about.

At the time of the polypropylene raids, ICI says, it was asked for certain information by the Commission on PVC and low density polyethylene. The information was duly handed over. Since then, ICI says, it has heard nothing.

Shell, on the other hand, claims to have had no contact with the Commission on those products at any time.

As another European company points out, if cartels have been operating in those products they have been operating very badly. Polyethylene has moved into good profitability only in recent months, largely because of the fall in the oil price.

But then, the polypropylene cartel was unsuccessful too. As the ICI chairman told his shareholders this week, "during the period in question the European polypropylene industry incurred massive losses amounting in aggregate to hundreds of millions of pounds; we certainly lost many millions."

In its struggles to overcome its problems in bulk plastics, the European industry has tried most things. Industry leaders have condemned old-fashioned obsessions with volume and market share, and gone on price-cutting just the same. Old-style price-fixing has been tried, too, with no more success. But then, these have only been substitutes for the final necessity—closing down the last 10 to 20 per cent of Europe's surplus capacity.

Tony Jackson

Moscow man's clouded start

Less than 24 hours after his arrival in London, Leonid Mitrofanovich Zamyatin, the new Soviet ambassador, found himself distinctly over-exposed. Not to radiation, but to sharp questioning about his country's gigantic nuclear mishap at Chernobyl.

First, Mrs Thatcher, then the group of journalists who questioned him on the pavement outside Downing Street, might justifiably have expected more from Zamyatin.

No other Soviet official would seem better equipped to give a full, clear and authoritative explanation of what had happened. For Zamyatin has been, successively, Soviet representative to the International Atomic Energy Agency, in Vienna, head of Tass, the Soviet news agency, and from 1978 until this year chief spokesman in the Kremlin's international information department.

But all in the way of a full, clear and authoritative explanation that Zamyatin could offer was a re-hash of the previous day's bland, three-paragraph statement from his old outfit, Tass.

"That's a traditional bonfire for the first day of Spring—the other must be the open prison"

Men and Matters

The ambassador, sitting in Kensington Palace Gardens, has personal cause to rue the latest damage to the Soviet Union's public image in the West. For he it was who largely orchestrated Mikhail Gorbachev's star appearances in the West — and in particular the resoundingly good impression the new Russian leader made at last November's Geneva summit with President Reagan. Zamyatin is one of a number of heavyweight diplomatic appointments to European capitals.

The strategy is to woo support for Moscow. The omens just now must be less than encouraging.

Freer air

Just one day after the European Court of Justice weighed in with a judgment against air fares price fixing, a new airline, Ryanair of Dublin, yesterday declared itself eager and ready to break the cosy existing arrangements on British-Irish routes.

Ryanair, from May 23, will offer 25 return flights a week between Luton and Dublin at £85 return compared with the full return of £170 at present demanded by British Airways or Aer Lingus for London-Dublin.

This is not a case of David taking on Goliath simply to pick up some free publicity in the aftermath of the court ruling.

Ryanair has been formulating its plans for more than a year and was ready with its new service before the European court came to its decision.

The company is 90 per cent owned by the Ryan family headed by Tony Ryan aged 50. He was an Aer Lingus manager for 19 years before leaving 12 years ago to start the aircraft brokerage business, Guinness Peat Aviation. It is now the largest aircraft leasing company in the world, and Ryan runs it from the shelter of the Shannon Airport tax haven.

Ryan himself is very much a background figure in the thrusting young Ryanair. But his two sons, Cathal and Declan, are respectively deputy chairman and company secretary. Both are seasoned aviation executives.

Ryanair starts with some elderly prop-jets. But it has ambitious plans, says Eugene O'Neill a former merchant banker who is md, and will move quickly to pure jet aircraft to give the established carriers a real run for their money on the London-Dublin route—which is the busiest in *Europe after London-Paris.*

Flying its relatively modest service from Luton Ryanair is looking to win 10 per cent of the market within a year. It has set its sights on 30 per cent eventually.

Hat tricks

Jardine Fleming, the Hong-based stockbroker says it costs more than $50 a day to rent a bowler hat in Tokyo.

That is a somewhat esoteric piece of market information. I agree. But it was important yesterday to the company as two of its number, Mario Malt, and David Miller donned their hired bowlers and strolled on to the floor of the Tokyo stock exchange.

Miller said later, "We spent as much time looking for the bowler hats as we did preparing the computer operations." The occasion was Jardine Fleming's debut on the exchange.

Both Malt and Miller attracted much admiration from the Japanese traders by tossing their hats nonchalantly into the air a few times and catching them. They found themselves applauded rather like performing seals.

In fact, the two had something to cheer about themselves by the end of the day: Their day's trading volume was a stunning 32m shares. "Twice what Merrill Lynch got on its first day," said Miller with a grin.

Fair dealer

After more than five hectic years of planning, Jimmy Pattison ought to be able to relax today when Prince Charles and Princess Diana formally open Vancouver's Expo '86 World Fair.

As Expo's (unpaid) chairman, the controversial Canadian entrepreneur is given much of the credit for transforming a costly, strife-torn project, that once threatened to become the same kind of financial disaster as the 1976 Montreal Olympics, into what could turn out to be one of the most successful international fairs of recent years.

Pattison, 57, is not, however, the relaxing type. In his car-dealer days, he used to fire whichever unfortunate salesman moved the fewest vehicles off the showroom floor each month. Similarly, more than a dozen Expo managers who failed to meet their boss's exacting standards—including the president—will not be on hand today to greet the Royal couple.

The Jim Pattison Group, wholly-owned by its founder, now has an annual turnover of more than C$1bn. Shrugging off criticism that his many businesses will benefit handsomely from Expo contracts, Pattison has worked tirelessly to make the fair a success. He even flew three times to Havana in his private Lear jet to persuade the Cubans to take a stand.

Kick start

Sick of those dream-piercing electronic squeals from your alarm clock?

Casio's latest idea is a bed-side robot that stamps its feet — an innovation the copywriters describe as a "hilarious solution to alarm clock blues."

Observer

THE AGENDA at this year's Western summit, which opens in Tokyo on Sunday, is only too predictable, and so are the likely contributions of the participants.

On the political front, the question of terrorism will share top billing with the disaster at Chernobyl. They will come before East-West relations, arms control and Afghanistan. The Americans will again press allies for more vigorous pressure on Col Gadaffi; the Europeans will point to their recent agreement to restrict the Libyan People's Bureau, as well as to their expulsions of Libyan diplomats, but will flatly decline to engage in economic sanctions against Libya; the Japanese will be earnestly evasive.

On the economic front, the Americans will call on the surplus countries to take more expansionary action. The Japanese will boast of the Maekawa report, which calls for the stimulation of domestic demand, and which few people believe is likely to be implemented. The Germans will declare that their economy is growing quite fast enough, thank you. And so to bed.

If this proves to be the result of the Tokyo summit, people may wonder whether the jamboree has been worth all the trouble. Indeed, it is a question they could legitimately ask about most of the Western summits in the recent past. If their purpose is to work up a consensus on the co-operative management of the international economy by the leading economic powers, they have been a singular disappointment, especially during the Reagan years. The last summit to have produced a real management bargain was that of 1978, when Germany and Japan agreed to take reflationary action on the "locomotive" principle; when the second oil shock came along in 1979, this bargain turned out not to have been such a good idea after all.

In their book *Hanging Together*, Putnam and Bayne argue that 1979 marked a turning point in the history of Western summits, in two important respects. In the first place, there was a philosophical turning-away from macro-economic management to monetarism; from intervention to market forces; from growth-promotion to inflation-fighting. This philosophical posture came naturally to Margaret Thatcher and Ronald Reagan; but it could only be sustained by a blank US denial that its large and growing budget deficit, and its high interest rates, could possibly be having any adverse impact on the rest of the world.

In the second place, there was a marked increase in the emphasis given to political issues. The steep deterioration in East-West relations; the failure of the US to ratify the second Strategic Arms Limitation Treaty; Nato's twin-track decision in 1979 on the deployment of new Euro-missiles, and the four-year Euro-missile crisis; the Soviet invasion of Afghanistan in 1979; the Polish crisis over Solidarity in 1980-81; and the sustained hostility of President Reagan's anti-Soviet rhetoric in 1981-83: all this turbulence gave unavoidable saliency to the politics of the international agenda. If terrorism (which first appeared on a summit agenda in 1978) dominates the headlines in Tokyo, it will only be a prolongation of what has become an established pattern.

This may seem a thoroughly constructive development. If the world is disturbed, it is right that the leading Western governments should talk about it. The interaction between politics and economics, always undeniable, is often the cause of friction: for example, the US trade sanctions after the crackdown in Poland. Japan's economic influence on world affairs is now so great that it ought to play a commensurate political role; yet there is no convenient forum, which is both multilateral and small, for bringing in the Japanese, apart from the annual Economic Summits.

In 1981 four foreign policy think-tanks, from Britain, France, Germany and the US, strongly urged the case for closer Western political consultation in the face of an apparently dangerous world; and though the main weight of their analysis was on the Nato link between the US and Europe, their report also recommended that "the seven-nation summits should from now on be devoted at least as much to political and security concerns as to economic ones. . . . The political/security discussions should be about fundamentals. They should centre on conceptual issues and overall strategy rather than the more tactical and technical questions which are the staple of Nato and other forums. . . . The leaders could thereby provide a general sense of direction for subsequent discussions and implementation." In addition, the think-tankers recommended the formation of a new Principal Nations group, starting with the US, Britain, France, Germany and Japan, for coping with contingencies in the Third World.

FOREIGN AFFAIRS

The illusion of an Asian alternative

By Ian Davidson

Five years later, one can say that the recommendation was easier to make than to follow. The political discussions at the seven-nation summits have always been about tactical and technical questions, and never about fundamentals or conceptual issues. There has been little or no convergence in perceptions or strategy: the 1982 Versailles summit was wrecked by acrimonious trans-Atlantic disagreements over East-West trade in the wake of the Polish crackdown.

When President Reagan was asked, after the Williamsburg summit the following year, whether he had changed any of his own views as a result of the discussions, he replied with disarming candour: "Not really." In other words, holding consultations about political issues may be a lot better than not holding consultations, but so far it does not seem to have produced much movement, if any, towards consensus, either on strategy or tactics.

There may be several explanations for this. First, any group of Western countries which includes the US is almost bound to be dominated by the US; and friction is liable to be most acute with an Administration whose foreign policy instincts are, to say the least, uncompromising.

Second: US dominance could in theory be offset, if the European participants were either prepared to fall in with American leadership, or else united in insisting on an alternative point of view.

Americans often complain that the Europeans are too pusillanimous in the face of manifest threats, whether from the Soviet Union or from Libyan terrorists, or else that the Europeans have merely a regional, not a global perspective on the world's problems.

But the real trouble is that the Europeans are frequently divided among themselves, and ambivalent over the uncomfortable choice between erratic and doctrinaire American leadership, and the burden of European responsibility. Thus they end up with the worst of all worlds: fractious arguments which serve to exacerbate underlying differences of opinion with Washington, without effectively asserting an alternative option.

An optimist would say that these intra-European divisions are narrowing in response to the imperious necessity of defending European interests. The European Monetary System was launched, at least in part, as a reaction to America's blithe neglect of the dollar. The French are gradually moving away from the pretence that they can enjoy the luxury of a defence policy which is separate and different from that of their European neighbours. The co-ordination of foreign policy between the European Community 12 is supposed to be strengthened and formalised by the Luxembourg treaty agreed last December. But these trends will have to go a lot further before Europe can be expected to present a robust and united front to the Americans.

The third factor is Japan. Conventional wisdom says that Japan is so powerful in economic terms that it must be co-opted into any political club of the big boys; but it seems to me that no amount of calling Japan a Western country will make it so. If the Europeans have difficulty in signing up for President Reagan's version of globalism, that difficulty is manifestly much greater for a country which specialises in adopting a low profile. As a global superpower, the Soviet Union may pose a potential threat to any Western country; but the front line of that threat in Asia is much less clear-cut than the confrontation of opposing armies in Europe, and it is not self-evident that the interests of Japan or of the West would be best served if Japan were to adopt a more stridently anti-Soviet posture.

The fourth factor comes full circle to the US, and may be summed up as the dissonance between Washington's groping after a global crusade against Soviet expansionism, and the inadequacy of the institutions available to carry it out. Central to this dilemma is the idea, fashionable but inchoate, that America's geostrategic centre of gravity is shifting from the Atlantic to the Pacific.

The idea seems plausible. American population has moved to the sun-belt. Californians are more prominent in the political elite. Asian immigrants outnumber European, and US trade with the Pacific has for some years exceeded with Europe. Moreover, America's fascination with the economic and technological dynamism of the Pacific Basin *contrasts* with its impatience with the sluggishness and backwardness of "Euro-sclerosis." It *seems* logical to try to co-opt Pacific countries, starting with Japan, in America's global strategy.

Lawrence Eagleberger, then No 3 in the State Department, articulated the idea of a Pacific shift two years ago. But the difficulties of translating a vague idea into a policy are immense. The growth of American trade with the Pacific is due solely to the growth of imports from more efficient competitors; it is hard to imagine a satisfactory geostrategic partnership with a region which has given such a strong impulse to protectionist urges in the US. It is even harder when one considers that the countries of the Pacific do not have a common adversary, let alone a common frontier. If the Japanese fear the Russians, the South Koreans fear the North Koreans, the Thais the Vietnamese, the Taiwanese the Chinese; despite President Reagan's wooing of the Asean countries this week, the Indonesians have roundly declared that they do not feel threatened by Moscow.

In short, it is simply impossible to convert America's economic interest in the Pacific into a strategic partnership; Japan might be a conceivable candidate for such a role, if it were not manifestly reluctant to play it on Reaganite terms. Moreover, chic American contempt for Europe's backwardness may prove to have been overdone, as it responds to the fall in the dollar, in interest rates and the price of oil; *Michael Emerson of the EEC* Commission estimates that average EEC growth over the next three years could rise to 3.2 per cent, and inflation fall to 1.7. If the US wants partners, it can only find them in Europe: but perhaps this administration merely wants a claque.

Hanging Together: The Seven-Power Summits. Robert Putnam and Nicholas Bayne. Heinemann.

Western Security: What has changed? What should be done? Kaiser, Lord, Montbrial, Watt. RIIA.

Lombard

Why Mr Poehl likes the EMS

By Jonathan Carr in Frankfurt

PERHAPS it was the clement spring weather in Rome after freezing Frankfurt. But when the West German Bundesbank president, Mr Karl Otto Poehl, spoke about the European Monetary System (EMS) in the Italian capital the other day, he sounded at times almost euphoric.

The EMS, Mr Poehl judged, had been working well in a turbulent monetary environment and its further development could make "a major contribution to the *political and economic* integration of Europe." He expressly supported the idea that the *final aim* of *monetary* integration should be a European currency issued by a European central bank—even though that was not just around the corner.

Bold words indeed—coming from a central bank which has often seemed more keen to underline the obstacles on the road to integration *than* to stress its commitment to the ultimate goal. But then even for the toughest-minded Bundesbanker a lot has been going right in the EMS and it is fair to expect more to come.

Economic policies in the member states are more convergent, inflation rates have dropped drastically, co-operation between central banks could hardly be closer. Even the recent realignment passed off quite smoothly and could, in the German view, have been completed in one day instead of two had not the French, for domestic reasons, wanted to show they were very tough bargainers. That hardly irritates the Germans who are broadly delighted with the current course of French economic policy and see it as one of the bulwarks of the EMS.

Moreover, several member *states*, notably France and Italy, look set to cut (if not yet wholly eliminate) their *capital controls*. If they *do* so it is probable that the Bundesbank will take the chance to remove its restrictions on the private use of the Ecu in Germany. It is most unlikely that Germans would then move in swarms to incur the relatively high-interest Ecu debt (they can already acquire all the Ecu-denominated assets they wish) so the *practical* effect of the step would be small. But it would cleanse the EMS agenda of a nuisance which has created storms of ill-feeling out of all proportion to its real importance.

The major blot on the EMS scene, and one *to* which Mr Poehl referred for the umpteenth time, is that Britain *still* does not feel "the time is ripe" to join. The Bundesbank chief went about as far as he could without actually dropping on his knees (which would no doubt prove counterproductive) stressing he would welcome full British membership, that the EMS would gain a "new quality" and that the lower exchange rate of the pound had improved conditions for entry. Most German monetary officials by now have given up trying to fathom just why *it is* that Britain stays out. Instead they underline, like Mr Poehl, that the system has successfully forged a zone of exchange rate stability in Europe, that all full members feel they have benefited, that further development is possible and — indeed — that the EMS could serve as a model in a broader world monetary context.

Two cheers for the Bundesbank President for pointing out all that. If a third cheer is withheld it is because Mr Poehl went on firmly to reject the idea of *exchange rate* "target zones" — for example between dollar, yen and Ecu. He stressed *that authorities* would probably be unable to cope with the huge capital flows involved and that *no major industrial country* was ready to submit its monetary and fiscal policy to exchange rate targets.

As it happens those arguments are very similar to the ones used by sceptics (including the Bundesbank) nearly a decade ago for not trying to create an EMS. They also seem overly pessimistic in a context where the US has dropped its neglect of the dollar exchange rate and is trying to face up to the federal budget deficit problem. Target zones (and the kind of policy co-ordination they imply) tend still to be a good topic for arousing derisive laughter, but then so was the EMS until it was tried — and worked.

Letters to the Editor

Conflicting advice

From Mr S. Lyon

Sir,—Robert McCrindle, MP (April 24) knows from his long experience of financial consultancy the importance of impartiality when giving advice. It is therefore surprising to find him criticising the CBI for "complaining and crying foul play" at the prospect of trustees of pension funds having to defend themselves against the purveyors of personal pensions on a playing surface that is deliberately biased against them.

I happen to believe that contracted-out personal pensions *should* indeed be available to people who for one reason or another do not wish to be locked into a company pension fund, though it is not an option I would ever have wanted to take up myself. But I think it is wrong for people to be induced to take advantage of it by a special introductory offer at the *expense* of the generality of contributors to the National Insurance scheme.

Yet this is not the worst mistake the Government is making. If a consultant suggests that a client should arrange a personal pension and use it to contract out of the modified SERPS, will not the principle of "best advice" introduced by the new financial services legislation effectively require him to make a comparison between the state benefits to be given up and the personal pension that might be secured by the contribution rebate? And if the bargain is favourable now but can be clearly predicted to become unfavourable in later life, will not the same principle be breached if he fails to warn the client that it is likely to be in his interest to give up *his* contracted-out *status* when he reaches a certain age?

These are real questions because the terms proposed for contracting-out involve a serious mismatch by age and sex between the rebate receivable by an individual in a particular year and the value of the resulting reduction in state pension entitlement. The answer to both questions must surely, therefore, be "yes." Moreover, if the *client* is opting out of an occupational scheme there are other comparative questions to be answered in the course of providing *best* advice. The *dilemma* for the consultant will be that if he covers all these questions properly he will make fewer sales, *but* if he does not he may find the trustees of a pension fund complaining to the relevant SRO *that he* has persuaded a member of their fund to opt for a personal pension plan on a false premise.

The way out of the *dilemma* is for *the* individual contracted-out rebate and the loss of state pension to be fairly related at each age and for each sex. It may well be impractical to achieve this by varying the rebate, in which case the rebate could remain constant and the loss of state pension could be calculated on *money-purchase* principles.

Stewart Lyon.
Cuerdale,
White Lane,
Guildford, Surrey.

Decline in the fleet

From Mr D. Davies

Sir,—I refer to Mr George Bonwick's letter (April 29) regarding the decline in Britain's merchant fleet. Many persons will take strong exception to his belief that if the Government bears any blame for the fleet's decline it is for helping it too much in the past rather than too little.

This premise is very difficult to understand in the light of the help which most maritime nations give to the maintenance and/or advancement of their maritime fleets. For the record, this Government gives virtually no help whatsoever to the British fleet. What does Mr Bonwick want—a small merchant fleet? Because that would be the result if no help is given to British shipping which has to compete, mostly on an international basis, with other maritime nations who give *considerable support* to their respective merchant fleets.

If help is not given to the British merchant fleet (which has been reduced by 50 per cent between 1979 and 1985) the end product will be a fleet which is inadequate to keep the *supply* lines open (leaving us at the mercy of other flag carriers, including flags of convenience, regarding imports/exports) and which is also inadequate as the fourth arm of defence in Falklands-type operations.

Donald Davies.
49 Queen Victoria Street, EC4.

The price of oil

From Mr L. Fletcher

Sir, — In view of Mr D. Harvey's comment (April 26) on my letter, may I elaborate a little?

Our revenue from oil over the past few years has far surpassed repayment of capital and required reinvestment. At the present price it is probably breaking even. Instead of ploughing the surplus into all manner of investment in technology, it has largely been squandered. One of the most horrifying wastes is paying people to do nothing. People are just as much a resource as coal, oil or iron, but are different in that they consume wealth all the time and cannot be left till it suits us to drill or dig as with a material resource.

Technology wins wars and *wins* the peace equally well. The Japanese have exploded into every technical field they can *think of*, and we should have done the same and been up there with them. It is to our country's detriment that we have not a powerful engineering contribution in our Parliament. The requirement of a government is to lead, and all we seem to get is: "It's up to you, chaps. It's not our job to tell you what to make." This is lasser-faire gone mad.

Lowering income tax by a *copper* or two is like *dangling* a piece of baitless string to catch a large fish. Nigel Lawson is my financial manager and I would sack him.

L. M. Fletcher.
72, Severn Road, Culcheth, Warrington.

National pay scales

From Mr J. Ashworth

Sir, — As a southerner living in Scotland I read with concern the report you carried (April 28) of the Reward Regional Survey which suggested that companies should scrap national pay scales and enhance their south-east region remuneration to cover the high cost of housing. This was presented in a way which appeared as a recommendation.

Having to purchase, albeit of necessity, a high-cost house constitutes a form of saving which can be liquidated at any time or passed on as part of an estate. There are alternative forms of financial penalty which fall on individuals in the provinces and which *do* not constitute long-term savings, namely the higher cost of food, rates and other services.

There is no *natural* justice in the proposal to subsidise employees in the south-east with what is effectively a long-term savings subsidy at the expense of the majority of the community.

I couple *these* remarks with the recent report that it is becoming increasingly difficult to find staff in the London area. I am sure that the majority of the nation, who happen to live in the provinces, could with one voice offer advice as to how to solve these two problems while enhancing the competitiveness of our manufacturing base.

J. B. Ashworth.
Woodside,
Upper Colquhoun St,
Helensburgh, Glasgow.

Charities and the Finance Bill

From Mr J. Newman

Sir,—Mr Hayes of Coopers and Lybrand (April 30) rightly draws attention to the appalling drafting and confused objectives of Clause 29 and Schedule 12 of the current Finance Bill. His example, however, of a hospital building appeal does not take into account the effect of paragraph 9 of the Schedule. If the charity had lost full charitable status for tax purposes and thus had either paid tax on untaxed income or not received repayments on taxed income, then on actually making the charitable expenditure (in this case on the hospital) tax would be repaid to the extent of that expenditure in the preceding three years.

The Chancellor has a duty to make sure that income, corporation and capital gains tax exemptions given to charities and the corresponding deductions for income, capital gains, corporation and inheritance tax purposes result in expenditure on charity and do not result in tax free accumulation of income and capital. The tax laws have to deal with the eventuality of planning permission on the hospital being refused, and the funds raised being accumulated and not spent at all. It is clear in those circumstances tax reliefs should not be due.

May I suggest that constructive criticism should be *applied* to the *problem* by discarding the definition of "private" charity. The new code should focus on a comparison for all charities of, first, income and gains subject to tax exemption and, secondly, bequests and donations received with direct expenditure within the fiscal year or the financial year concerned on projects of a capital and *income nature*. Reliefs should be withdrawn if the expenditure did not come up to a percentage of the first two factors. This comparison could be done on a cumulative basis starting on March 19 1986 or an earlier date.

The Parliamentary debate should be on the quantum and manner of application of the percentage above and the nature of *direct* qualifying charitable expenditure, rather than on the minutiae of a definition of a private charity.

John A. Newman.
1 Old Burlington Street, W1.

FINANCIAL TIMES

Friday May 2 1986

Night of violence in UK prisons

BY DAVID BRINDLE, PETER RIDDELL AND HELEN HAGUE IN LONDON

BRITAIN'S prison officers resumed normal duties yesterday after a night of rioting and arson by inmates in the country's already overcrowded prisons and custody centres destroyed accomodation equivalent to two large jails.

The officers' union suspended its overtime ban yesterday after it had been in effect less than 24 hours. The officers are in dispute with Britain's Home Office over plans to change their staffing arrangements in a way thet would reduce overtime working and pay for many of them.

On Wednesday night, prisoners in at least 18 penal institutions, of 134 in England, Wales and Northern Ireland, caused disturbances and damage of varying extent in reaction to the start of the overtime ban.

Mr Douglas Hurd, Home Secretary, said yesterday that it was "a minor miracle" that no one had been severely injured or worse in Wednesday night's disturbances. He announced measures for the co-ordination of police involvement and contingency plans for the use of military camps to house prisoners if necessary.

Mr Colin Steel, chairman of the Prison Officers Association said: "The response in the prisons caught everybody on the hop and we are not prepared to stand by and let things get out of control."

Mr Hurd sought to pave the way for the resumption of negotiations with the union with n conciliatory statement inviting its executive to talks "with a view to the simultaneous calling off of industrial action and the institution of discussions about the agenda for the future."

Mr Steel said the overtime ban would remain suspended "certainly until after the talks with the prison department." He added: "We have been invited to go along for talks about talks tomorrow. We are going along without any qualification. Our first concern is the position of our colleagues who have been suspended. We are going with a completely open mind and an open mandate."

The mood in prisons was said to be calm yesterday, although limited disruption continued at a number of jails.

Announcing the lifting of the ban yesterday in direct response to the events of Wednesday night, the union said the incidents had "illustrated perfectly" the force and validity of the union's case for negotiating rights on staffing levels.

Certainly the worst incident – the burning out of much of Northeye Prison, a low-security jail near Bexhill, Sussex in south east-England has strengthened considerably the union's argument that even low-risk prisoners require permanent guarding, on officers' overtime if necessary.

By last night, 10 of the Northeye inmates who escaped during the disturbances had not been recaptured. Another 16 from the Erlestoke youth custody centre, near Devizes in south-west England also remained at large.

Priority was given on Wednesday night to protection of life and limb. No serious injuries were reported arising from the disturbances, although a handful of officers received hospital treatment, and the alleged stabbing to death of an inmate at Gartree top-security jail, in central England, was said to be unrelated.

The unrest began with a series of protests by prisoners at restrictions, arising from the overtime ban, on out-of-cell activities and visits by friends and relatives. There was some evidence of "copycat" vandalism and arson as news of disturbances was broadcast by radio during the night.

At Northeye, control of the prison was finally regained at 9am yesterday, revealing destruction of about 40 per cent of the buildings. All inmates have been transferred to other jails in the area.

At Horfield prison, Bristol, where more than 60 police – some in riot gear – were sent into the jail to restore order on Wednesday night, two wings were reported extensively damaged.

Lewes prison in Sussex suffered extensive damage to its remand wing. At Wymott, Lancashire, in north-west England the governor formally admitted at one stage that he had lost control of the institution, and the Home Office officially described disturbances there as a riot.

Elsewhere, even where prison staff and police were reduced to patrolling prison boundaries after withdrawing from buildings, the official line was that sites remained under control while some inmates "rampaged."

Editorial comment, Page 20

Egypt calls for $30bn Middle East aid

BY ROGER MATTHEWS AND TONY WALKER IN CAIRO

EGYPT is appealing to the Tokyo summit which begins at the weekend, to establish n $30bn Middle East development fund to assist countries in the region suffering financial difficulties as a result of the oil price collapse.

Egypt is facing acute balance of payments difficulties that may force it this year to seek a rescheduling of part of its estimated $32.5bn foreign debt.

Dr Esmat Abdel Meguid, Egypt'e Foreign Minister, said in an interview with the Financial Times that Egypt was urging the seven rich industrialised countries represented in Tokyo to establish a rescue package for financially troubled Middle East states.

"We have been victims of the situation [oil-price collapse]," Dr Meguid said. "We hope that our friends in Tokyo will look at this situation in a sympathetic way in trying to help countries like Egypt handle their difficulties."

Dr Meguid said Egypt's debt problem was "very serious," and gave a warning that pressure from outside institutions such as banks, was causing difficulties. "I do not think it is in the interests of our friends in the West to let this thing continue," he said.

Western bankers are saying that Egypt will face increasing pressure to reschedule its foreign debt. It is also under pressure to reach agreement with the International Monetary Fund (IMF) on a balance-of-payments standby facility.

The IMF is insisting that, as a condition for providing balance-of-payments support, Egypt should reform its tangled exchange-rate regime and take firmer steps to reduce the burden of subsidies on the national economy.

The IMF estimated in a report published last year that Egypt's debt service ratio (commitments on its foreign debt as a percentage of current-account receipts) was about 35 per cent. As a result of the oil-price slide in the first quarter of this year, Egypt's debt-service ratio might reach 50 per cent.

President Hosni Mubarak of Egypt said recently that the shortfall in Egypt's oil revenues this financial year, to the end of Jone, would amount to about $700m and in calendar 1986 to about $1.2bn. Oil revenues in 1985 totalled about $2.5bn. Foreign observers in Egypt are predicting a drop of between $1.5bn and $2bn in earnings from oil this year, a much gloomier forcast than that provided by Mr Mubarak.

Egypt's other main sources of hard currency – notably tourism, Suez Canal dues and remittances from Egyptian expatriate workers – have been undermined by the collapse of the oil market and, in the case of tourism, by Middle East-related violence.

Dr Meguid argued that Egypt should not be expected to shoulder the full burden of all its recent financial misfortunes, which were outside its immediate control.

BP chief urges cut in tax on N. Sea oil

By Dominic Lawson in London

SIR PETER WALTERS, the chairman of British Petroleum, yesterday called on the British Government to reduce taxation on North Sea oil profits or face a contraction in North Sea oilfield developments.

Sir Peter told shareholders at BP'e annual meeting: "It is not appropriate to keep the same level of tax on $12 oil as was thought appropriate when oil was $35 a barrel. I hope to persuade the Government that if n more appropriate tax system is not arrived at, it will prevent new investment in the North Sea."

The Government has expressed its concern about the possibility of a decline in North Sea development, but is not prepared to rush in with reductions in Petroleum Revenue Tax (PRT) which currently stands at 75 per cent. It points out that fields coming onstream since 1983 will pay no royalties and that all but those rare new fields which will produce over an average of 20,000 barrels a day will not pay PRT.

Mr Alick Buchanan-Smith, the Energy Minister, said in an interview with the Financial Times last week: "I am yet to be convinced that there are any major potential developments which are viable pre-tax, but not post-tax."

Sir Peter argued yesterday thet a wholesale reduction in PRT, while not enhancing the viability of individual fields, would return to the companies the cash flow they need to make major new commitments. He said: "It is the longer term development of fields that is in particular jeopardy. For example, the Miller field will be deferred by at least a year."

The Miller field, with 350m barrels of recoverable oil, is the largest undeveloped oilfield in UK waters. BP and its partners were planning to submit a development plan to the Government this year based on first oil production in 1991.

But one of BP's partners in Miller said yesterday: "It is not true that we have decided to delay the project by a year. We are still looking at first oil in 1991."

The Government's concern is that a wholesale reduction in PRT, while reducing its own revenue, would not necessarily lead to greater North Sea investment. The oil companies could, instead, direct the extra cash to any of their operations worldwide.

The UK Offshore Operators Association (UKOOA), which represents all the major North Sea companies, is pressing the Government to make a dispensation on the way in which PRT is paid. The industry is at present required to pay up to 75 per cent of its PRT liability six months in advance and at a rate based on the previous six month's average oil price.

Mr George Band, the director general of UKOOA, said yesterday: "Wa are financing the Government for free and we would love some relief from that."

North Sea labour costs, Page 10

S. Africa hit by May Day strikes

Continued from Page 1

Inkatha, the Zulu political and cultural movement beaded by Chief Buthelezi. It claims over 1m members.

Its formation is a direct response to the increased politicisatioo of the trade union movement since the formation of Cosatu, which opposes Inkatha as a reactionary tribal movement.

Cosatu's leaders, including Mr Cyril Ramaphosa, leader of the National Union of Mineworkers (NUM), recently held talks with the ANC in Lusaka.

With Inkatha behind it, albeit a a discreet distance, the new union is expected to attract mainly Zulus initially but hopes to recruit more widely from workers who do not support Cosatu's militant stand.

As Chief Buthelezi used the occasion to win an endorsement from the new body of his anti-sanctions and disinvestment stance, n Cosatu rally of around 5,000 in a smaller stadium two miles away denounced Uwusa as n "sweetheart union" aimed at splitting the hlack working class.

Soviets shut down 20 reactors

Continued from Page 1

leadership appreciating the political damage done to the Soviet image abroad by its refusal to give full details of the world's worst nuclear accident at a power station.

The state news agency, Tass, has given extensive details of nuclear mishaps, past and present, in other countries, but no further details of Saturday's accident apart from yesterday's official pronouncement.

● Polish officials said yesterday that radiation levels had falleo radically compared with Wednesday's and that their findings as well as Soviet information had shown that the source of radiation emission at the Chernobyl station had ceased, writes **Christopher Bobinski** in **Warsaw**.

Speaking at their first press conference for foreign reporters since the Government admitted that radiation levels were up last Monday evening, Polish atomic experts said that radiation levels in the country had varied between 0.05 and 2.5 milliroentgen an hour during the period. The levels had been similar to those in southern Sweden, they said.

Iodine had made up 80 per cent of the radioactive substances in the fallout and that is why the Poles had concentrated on minimising the long-term dangers of absorption by children and infants.

According to Mr Mieczyslaw Sowinski, the head of Poland's atomic agency, the Soviet accideot took place last Saturday and the Polish monitoring station had picked up 2.5 milliroentgens a hour, which seems to have been the peak, on Sunday night.

● Mrs Margaret Thatcher, Britain's Prime Minister, firmly committed herself yesterday to the further development of Britain's nuclear programme while, ahead of her departure for this weekend's Tokyo economic summit, she intensified pressure on the Soviet Unioo to produce fuller informatioo about what had happened at Chernobyl, **writes Peter Riddell, Political Editor in London.**

Following lengthy Cabinet discussioo about the implications of the Soviet action, Mrs Thatcher and other senior ministers embarked on a series of speeches intended to provide reassurance of the safety of the British programme and to emphasise the need for greater openness by the Soviet authorities.

Mrs Thatcher also argued in the House of Commons that Soviet reluctance to give details about the Chernobyl accident "should make us wary thet in any arms control negotiations we must be absolutely meticulous to get specific, practical and strict verification of any agreement."

Tokyo police take to the azaleas

Continued from Page 1

month – trying to avoid roadblocks, which are placed about every 200 yards. The trick is (a) to be foreign and (b) to drive a hatchback because the police are (n) only looking for Japanese and (b) convinced that those who do violence use only pick-up trucks or white Nissan saloons with closed boots. In fact, at present, you could probably drive under the influence of alcohol at 70mph the wrong way up a one-way street in reverse without being stopped, so conditioned are the police to looking for political villains.

The police, thousands of whom have been bussed into Tokyo from the countryside and who appear to be sleeping in their gunmetal grey, fortified trucks, are ineffably polite but not very subtle. Most are in uniform but some are in plain clothes, disguised as cherry trees, azalea bushes and so on. Your correspondent was walking to work the other morning round the Imperial Palace when an obviously high-ranking police officer drove past. The uniformed cops salnted enthusiastically: so, alarmingly, did several flowering azaleas.

We are also n little bit worried about whether the uniformed police will see anything if something does go wrong. They all wear extraordinary helmets which resemble something between a horse's blinkers, a samurai's bonnet and what Darth Vader donned in Star Wars (the fictional one; Caspar Weinberger is not coming). While clearly useful as protection against falling rockets, they provide no lateral vision.

You will be spending most of your time in a palace known as Geihinkan, which is n transplanted Versailles. Correspondents were recently given a tour of the place, rendered uninformative by the fact that the guide had clearly only recently been seconded from somewhere like the Ministry of Agriculture, Forestry and Fisheries' Arctic department, and was thus totally unfamiliar with the premises.

All be could divulge with confidence was that the chandeliers under which you will be dining and conferring each weighed 800 kilograms. It so happens we are overdue for a decent earthquake in Tokyo and the standard advice, if one hits, is to get under the table and turn off the gas. You won't have to worry about the utilities, but crouching directly under a two tons of chandeliers may not be advisable, even for an iron lady.

It looks like you will get only one Japanese meal, and there's a trench under the table on which you will be dining, so you will not be ill at ease or get cramp. There appears to be no truth to the rumour that President Mitterrand has asked Mr Chirac to sit in the trench.

You probably won't see many Japanese, both for all the above reasons and because they are saving themselves up for Charles and Diana, who arrive as soon as you leave. You should be warned, however, that 10,000 press cards have been issued. Having carefully studied the habits of journalists around the world, the Japanese have decided to offer all of them free beer, sake and food for the duration of the summit. This should mean that you will be able to deliberate in peace, or, at least hopefully, about peace.

One final point: Nakasone is the tall one.

Paris doubles sell-off plan

Continued from Page 1

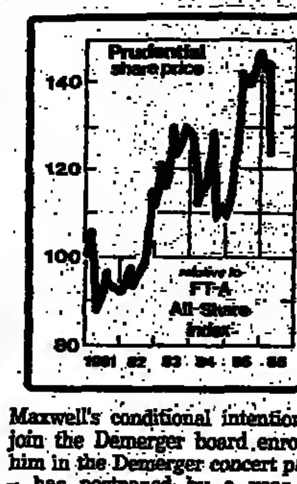
capital spending, including the large sums it will continue to inject into the loss-making Renault car group and the Usinor and Sacilor steel companies.

Mr Edouard Balladur, the Finance Minister, is anxious to avoid the impression that he will be following the example of the British Government of channelling privatisation income into current spending. However, in practice it may be difficult to separate income from share sales from other government revenue. The Government is already coming under attack from the socialist opposition for planning to sell off national assets in order to reduce taxes on the better-off.

THE LEX COLUMN

Endowment policy for the Pru

If an industrial company with an ungeared balance sheet which had paid uncovered dividends two years running came to the market raising money for which it had no specific purpose, the Prudential would want to ask a few questions. Yesterday, for a change, the Pru was trying to supply the answers. For it was by no means obvious why the Pru was asking the market – in effect its competitors – for £357m when it has room to spend almost that much on the back of its existing balance sheet and has yet to identify a bome for the new money.



The company has made no secret of its intention to broaden the product base but, with the single exception of estate agency, none of the new activities should absorb significant quantities of capital. And the £100m which it may cost to build a national chain of estate agents could have been met from the proceeds of last year's floating rate note issue. So the Pru is presumably hoping to grow through acquisition, as much of a departure from past practice as yesterday's decision to dispense with the services of underwriters and merchant banks in the rights issue. The chances of a single big deal are very slim – the directors of Exco, Midland Bank and Kleinwort Benson should not be losing any sleep – and by no means all of the proceeds will be spent in the UK. It would not be surprising, for example, to see the company build a presence in the life insurance and fund management business across the Atlantic.

But, with £500m or more to spend, the Pru will be able to attack several fronts at once. The procurement of mortgage finance would be a logical extension of its move into estate agency, while it has yet to establish a position in wholesale fund management which begins to rival its share of the UK personal savings sector. Those merchant banks and stockbrokers feeling a little uncomfortable about the conflicts of interest surrounding their investment management subsidiaries may soon be receiving visit from the Man from the Pru.

Maxwell/Demerger

Extel shareholders who rejected the Demerger approach in hopes of something better from Mr Robert Maxwell will be even more disappointed than their hero. The full Takeover Panel's ruling – that Mr Maxwell's conditional intention to join the Demerger board enrolled him in the Demerger concert party – has postponed by a year his chances of bidding for Extel, a small but perhaps expensive slip. As with the case of Matthew Brown, where the panel last overruled its executive's decision, a precipitate fall in the Extel share price is not to be ruled out.

It is also highly probable, and regrettable, that on this occasion the panel executive's own stock will suffer. Whereas the Matthew Brown affair probably strengthened the executive'a hand, a second reversal suggests that it may enjoy less than complete confidence from the panel itself. That is bad for the panel as well as the executive, and Mr Maxwell will not be alone if he sees this judgment bringing statutory regulation of takeovers a lot closer.

Wellcome

The stockmarket had been so carefully prepared for Wellcome to show a profit fall in its first set of interim profits, that a 10 per cent decline to £84.2m at the pre-tax level was almost an anti-climax. The shares fell only 2p to 188p amid the general retreat. As expected the slump in the dollar exchange rate caused the profit fall. Indeed, sales growth of 17 per cent in the US in dollar terms was higher than the prospectus' forecast suggested. Margins improved as well, on the basis of figures restated to eliminate the currency effect. The second half has seen further dollar weakness, but again sales growth should make up the difference. Zovirax, Wellcome's herpes drug which is still fairly new in many major markets, is expected to generate £100m of sales in the year compared to £62m, and Wellcome is seeking approval to sell it for shingles as well.

If exchange rates had stayed put, Wellcome would still have had n few problems.

Coopers animal health, problematic offspring of n marriage between two suffering businesses, shows no signs of returning to profits. At least the bulk of the start-up costs are out of the way. But farmers around the world are culling sheep and cattle herds and competition to treat the remaining beasts is intense. UK drug sales to the NHS are significant and a profit bonanza is unlikely, while exports are affected by currency moves too. This leaves a lack of UK profits to shelter the ACT which, with a high US corporate tax rate and Coopers' losses, accounts for the 54 per cent tax charge. Pre-tax profits for the full year should just top the previous £121.7m, giving a prospective p/e ratio of 27 or so. A normal tax charge would bring it down to the low 20s, about Glaxo's level.

De Beers

The opportunity to take a potshot at the tin market was too good to miss for the chairman of De Beers, who appears to suggest in today's annual report that commodity cartels are fine so long as De Beers is running them.

He probably has a point. Five years ago, when the company was forced into cutting its dividend, even the Central Selling Organisation looked as if it might crack under the weight of surplus diamonds. Since then a steady revival in demand for smaller stones has allowed the cutters to offload their unwanted stocks, leaving the CSO back in charge of the market. The collapse of the rand has inflated the value of De Beers' stocks in local currency terms, but measured in dollars, they are still falling.

Last month De Beers managed to introduce its first price rise for three years and the bulls are persuaded that diamond sales in the current year could rise by 40 per cent to around $2.5bn. With the Ashton diamond mine in Australia adding around 5 per cent to world production and the Soviet Union under pressure to sell, that may be a touch optimistic. But there is no doubt that De Beers and the CSO are firmly in the driving seat.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	C	16	61	Malta	S	19	66	Rhodes	S	20	68
Algiers	S	20	68	Edinburgh	S	15	59	Manchester	S	16	61	Rio de J'o	F	25	77
Amsterdam	S	17	63	Faro	S	22	72	Manila	F	37	99	Rome	S	23	73
Athens	F	19	66	Florence	S	—	—	Melbourne	C	15	59	Salzburg	C	16	61
Bahrain	S	34	93	Frankfurt	C	17	63	Mexico City	F	22	72	San Francisco	C	18	64
Bangkok	S	34	93	Funchal	C	16	61	Miami	S	24	75	Seoul	S	15	59
Barcelona	S	18	64	Geneva	S	16	61	Milan	—	—	—	Singapore	C	32	90
Beirut	F	23	72	Gibraltar	S	19	66	Montreal	C	14	57	Stockholm	—	—	—
Belfast	S	14	57	Glasgow	S	15	59	Moscow	S	11	52	Strasbourg	—	—	—
Belgrade	S	21	70	Guernsey	S	13	55	Munich	F	17	63	Sydney	F	20	68
Berlin	S	16	61	Helsinki	C	10	50	Nairobi	T	21	70	Taipei	F	28	82
Biarritz	S	16	61	H. Kong	S	27	81	Naples	F	22	72	Tangier	S	21	70
Bombay	S	32	90	Innsbruck	F	17	63	Nassau	F	30	86	Tel Aviv	S	22	72
Bordeaux	S	18	64	Inverness	S	16	61	New Delhi	S	38	100	Tenerife	C	19	66
Brussels	S	17	63	Islamabad	C	25	77	New York	F	11	52	Tokyo	F	21	70
Budapest	S	21	70	Istanbul	C	18	64	Nice	S	26	78	Toronto	C	15	59
B. Aires	S	25	77	Jakarta	C	31	88	Nicosia	F	26	79	Tunis	—	—	—
Cairo	S	30	86	Jersey	S	16	61	Oporto	S	21	70	Valencia	S	22	72
Cape Town	S	21	70	Jo'burg	C	22	72	Oslo	F	12	54	Venice	S	25	77
Caracas	—	—	—	Luxor	F	23	73	Paris	S	18	64	Vienna	C	16	61
Casablanca	—	—	—	Lisbon	S	22	72	Peking	F	24	75	Warsaw	—	—	—
Chicago	S	11	52	London	S	18	64	Prague	S	20	68	Washington	F	18	64
Cologne	S	19	66	Los Angeles	C	15	59	Reykjavik	F	10	50	Zurich	C	12	54
Copenhagen	F	15	59	Luxembourg	S	17	63								
Corfu	S	20	68	Madrid	S	19	66								
Dallas	C	18	64	Majorca	S	20	68								
Dublin	S	15	59	Malaga	S	21	70								

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

London shares take sharp tumble

Continued from Page 1

($546m) rights issue from Prudential Corporation, the UK's largest insurance company. Institutional investors are already short of cash after three months in which the market bas risen by 27 per cent.

Institutions have been running down their casb balances since last year to increase their holdings of equities both in the UK and overseas. Last month, a combination of rights issues, company flotations and share placings linked to takeovers meant that investors had to find a total of £2.6bn to put into the market.

The prospect of further rights issues could place continued pressure on institutions' cash flow, brokers said yesterday, and, combined with political worries over next Thursday's local authority and parliamentary by-elections, might help to check the stock market's advance.

The FT-SE 100 index began the day more than 32 points down on Wednesday'a close, but halved this loss before dipping again when New York markets opened lower. It recovered once more to end 20.4 lower at 1640.1. The FT Ordinary index ended 20.9 lower at 1374, after dropping as low as 1361.2.

The dollar, meanwhile, rose on the foreign exchange markets, continuing its overnight recovery in New York. Dealers were nervous nbout being too short of dollars in case the Tokyo summit meeting leads to joint action by the leading industrial nations to brake the US currency'a long fall since last September.

Their fears were reinforced by reports thet Mr Karl Otto Poehl, president of West Germany'a Bundesbank, had said that he did not want the dollar to fall any further.

The dollar ended in London nt DM 2.2030, up nearly 1 pfennig from its overnight New York close, and nt Y169.6 against the Japanese yen. It gained ⅔ cent against sterling to end in Londoo nt $1.5295.

The pound remained steady overall, closing 0.1 lower at 76.3 on the Bank of England's effective exchange rate index. It gained 1¼ pfennigs against the D-Mark, closing in Londoo at DM 3.37.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Friday May 2 1986

People Express hit by $58m first quarter loss

BY PAUL TAYLOR IN NEW YORK

PEOPLE EXPRESS, the fast-expanding cut-price US airline holding company, became the latest in a string of US airlines to report substantially higher first-quarter losses.

The group said it had lost $58m, or $2.33 a share, in the latest period compared with a loss of $18.8m, or 90 cents, reported in the year-ago period by People Express Airlines, the holding company's main operating subsidiary. Operating revenues for the group grew by 69 per cent to $329.3m from $195m a year ago reflecting its recent acquisitions and rapid expansion.

The wider first-quarter loss comes in the wake of large losses reported by most other large US airlines including Eastern Air, which reported its biggest ever quarterly loss of $110.6m earlier this week citing fare wars and labour disputes.

People Express, based at Newark, New Jersey, blamed its higher quarterly loss in part on "the investment we have been making in new markets, both directly and through acquisitions. However, the group, which recently acquired two regional airlines, Frontier Airlines last November and Britt Airways in February this year, said results should improve as its markets mature and investment in new markets declines.

The expanded holding company which noted that the latest losses included a $4.5m charge against earnings associated with Swiss franc denominated debentures issued early this year, added that, in line with earlier projections, People Express Airlines had a pre-tax operating loss of $34.9m on revenues of $218.5m in the 1986 first quarter but that the airline's load factor improved to 60.2 per cent from 58.5 per cent a year ago.

Among the holding company's other operating units, Frontier Airlines reported a pre-tax operating loss of $27.1m on revenues of $102.2m in the first quarter compared with pre-tax loss of $15.3m a year ago. People Express said Frontier's load factor increased every month during the first quarter and averaged 69.3 per cent compared with 58.1 per cent a year ago.

Contrast People Express' latest acquisition, Britt Airways, recorded a $808,000 pre-tax profit on revenues of $8.3m in the 34-day period during which People Express owned the company. The group hailed Britt Airways results as outstanding, reflecting the impact of traffic feed generated by the People Express and Frontier routes, which represented 10 per cent of Britt's traffic.

Overall Mr Donald Burr, People Express president, said: "Reflecting the impact of seasonal travel, the trend line for People Express began turning more positive in March and this progress is continuing. As we continue to reduce costs and improve our yields systemwide we should see a substantial improvement in our breakeven load factor and in our results."

US drive for UK venture capital

By William Dawkins in Boston

TWO leading US venture capital groups are raising a total of up to $150m to provide equity capital for small business in Europe and North America.

The cash is being raised mainly in Britain and France through two separate funds and provides evidence of the growing internationalisation of the venture capital industry.

TA Association, based in Boston, is looking for between $80m and $100m for its Atlantic & Pacific Partnership Fund to invest in US ventures. TA, the largest venture capital group in the US with $500m under management, plans to start looking for investors in London at the end of May.

Mr Kevin Landry, a managing partner, expects roughly a third of the fund to come from the UK, with the remainder from the Far East and North America. UK investors will make the largest single national contribution.

About 30 per cent of the cash – which will be collected in three equal annual instalments will be invested in start-ups – with the remainder going to established profitable ventures.

Atlantic & Pacific is being launched at a time when the US venture capital industry is recovering from a widespread decline in company valuations. A TA spokesman said: "A new sobriety has returned ... with a reduced flow of new capital into the industry. As a result, opportunities are available today in significant quantity and at attractive prices."

Meanwhile, New York-based Alan Patricof Associates is launching a FFr 250m to FFr 300m ($36m to $43m) fund, which it claims will be the largest venture capital vehicle ever launched in France.

The fund, APA Risque II, will be managed by Paris-based Alan Patricof & Cie and advised by the New York firm. At least three quarters of its capital will go to French companies – with the remainder in the US and Britain.

APA raised FFr 100m for its first fund in France three years ago. This fund has invested FFr 55m in 21 companies since then and was valued at the end of the year at FFr 98m. That included a FFr 7.4m write-down on four companies, three of which are now turning round, according to APA.

CHEMICAL GROUP SUFFERS IN QUARTER FROM LOWER $ AND OIL PRICES

Hoechst setback as sales decline

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemical and pharmaceutical group, suffered a setback in the first quarter of this year as a result of the lower US dollar and the unsettling effects of lower oil prices.

Group pre-tax profits fell to DM 761m ($352m), 9.4 per cent less than in the first quarter of last year. Worldwide sales revenue showed an even steeper 10.3 per cent drop to DM 9.9bn, with export revenue accounting for most of the decline.

The other big West German chemical groups, BASF and Bayer, have also been experiencing less buoyant conditions in some markets, but have not yet released their first-quarter results.

The lower dollar has reduced the chemical industry's US earnings in terms of D-Marks and has led to sharper price competition from US chemical companies in export markets, including Western Europe. Although the decline in oil prices has reduced raw material costs, the continuing fall has caused some chemical industry customers to delay purchases and to run down stocks.

The industry's latest problems come after three years of steadily rising sales revenue and profits, boosted by world economic recovery and favourable exchange rates.

Professor Wolfgang Hilger, the Hoechst chief executive, said business lacked impetus in the past few months as the company and customers re-oriented themselves to the new conditions.

But Hoechst was confident the underlying strength of the world economy would enable the company to reap "good" profits this year, he said.

Hoechst increased worldwide pre-tax profit by 10.7 per cent to DM 3.16bn last year, with sales 3.1 per cent higher at DM 42.72bn. Like BASF and Bayer, it raised its dividend to DM 10 per share from DM 9 in 1984 and DM 7 in 1983.

Prof Hilger said the drop in oil prices had not led to increased profit margins. Petrochemical raw materials and fuel were cheaper but, on the other hand, Hoechst had reduced some of its own prices, electricity and personnel costs were rising, and the lower dollar was reducing returns in D-Marks. The volume of exports was lower and this was raising unit costs of production.

Even so, the Hoechst parent company showed a 1.5 per cent increase in pre-tax profit to DM 408m in the first quarter of this year. But Hoechst said this was influenced by special factors, such as reduced transfers into reserves for pensions compared with the same period last year.

The parent company's sales revenue was down 5.5 per cent at DM 3.72bn. Domestic sales held up relatively well, increasing a marginal 0.5 per cent to DM 1.69bn. Export sales revenue, however, slipped 10 per cent to DM 2.03bn. While lower prices accounted for some of this decline, the volume of exports was down 4 per cent.

Of Hoechst's worldwide sales of DM 9.9bn in the first quarter, domestic sales were 1.3 per cent lower at DM 2.72bn, while sales abroad showed a sharp 13.3 per cent drop to DM 7.18bn.

Some areas of business, notably information technology, technical ceramics, industrial gases and cosmetics, increased their sales revenue. But plastics, agrichemicals and organical chemicals produced lower sales revenue, because of price cuts, a lower sales volume and unfavourable exchange rates.

Prof Hilger said Hoechst had continued to reduce the interest-rate burden on its borrowings. The group's net interest-rate payments totalled DM 461m last year, compared with DM 1.23bn in 1981. For the first time, the parent company had an interest rate surplus last year, amounting to DM 48m.

Hoechst announced recently that it would further strengthen its finances through a one-for-20 rights issue to raise about DM 880m.

Prof Hilger said Hoechst was stepping up its investment, especially in areas of advanced technology with strong market prospects, such as technical ceramics.

Investment rose 14 per cent to DM 2.37bn last year and is likely to reach DM 2.6bn this year.

Business in the US was improving after the sharp drop in profits there last year Prof Hilger said. As a result of the slowdown in the US economy and problems in the plastics business, net profit of American Hoechst slipped to $5.7m last year from $53m in 1984.

Prof Hilger criticised the EEC Commission's recent decision to fine Hoechst and other chemical companies for alleged price fixing and market sharing in polypropylene between 1977 and 1983.

As far as he knew, Hoechst had not been involved in any price-fixing agreement, he said. Normal contacts between companies should not be interpreted as agreements, he added.

The EEC fines were an "inappropriate reaction" to a time of heavy losses and overcapacity, he said.

Volvo group's results again boosted by car operations

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, the Swedish automotive, energy and food group, confirmed its position last year as one of the world's most profitable car producers.

Its annual report showed some 82 per cent of group operating profits was derived last year from the group's car operations, which accounted for only 40 per cent of group turnover.

The car division achieved operating profits of SKr 6.136bn ($876m) compared with SKr 5.737bn in 1985 and SKr 4.806bn in 1984.

The fortunes of Volvo's car operations have recovered dramatically in the five years since the division slumped into loss in 1980 and have been largely responsible for taking the group to record profit levels in the last two years.

The car operations have shown a return on capital employed of more than 25 per cent in each of the past three years and the level is now believed to be closer to 40 per cent.

The only other Volvo operation which approaches this level of profitability is the marine engine division, which also showed a return on capital employed of more than 25 per cent, followed by aero engines with a return of 8 per cent, trucks with 13 per cent, food with 10 per cent and buses with 8 per cent.

Operating profits of volvo's truck division dropped last year to SKr 921m from SKr 1.122bn in 1984, while earnings from the Bus operations were almost halved.

Volvo's energy and trading operations remained in the red with an operating loss of SKr 146m caused chiefly by provisions for expected losses on old product tanker contracts and the costs of withdrawal from the US Scandrill oil and gas activities.

Having further reduced the volume of its oil trading activities, Volvo succeeded in returning this operation to profit last year after a series of heavy losses.

Volvo's financial strength, which has been built up by three years of record profits, is reflected in liquid assets of SKr 14.4bn at the end of 1985. The group had positive interest earnings of SKr 421m.

Volvo's policy of hedging its dollar income largely protected its profits in the second half of 1985 from the falling value of the US Dollar. "A large part of the group's expected dollar revenues in 1986 have been hedged at rates higher than those existing at the end of 1985," it said.

Varta to increase dividend

BY OUR FINANCIAL STAFF

VARTA, the West German battery maker controlled by the Quandt family, reports a modest increase in profits for 1985 and says further progress can be expected during the current year.

On sales 12 per cent higher at DM 1.9bn ($880m) net profits for last year rose by 8 per cent to DM 41m. As a result the dividend is being stepped up from DM 7.50 a share to DM 8.50.

Sales for the first quarter of 1986 fell 10 per cent to DM 417m, but Varta is confident that turnover for 1986 will show an improvement. It forecasts an improved profit for the full year.

The battery division increased sales of car batteries by 12 per cent in 1985 to DM 799m, while consumer battery sales were up 13.6 per cent to DM 600m. Industrial battery sales improved 6 per cent to DM 430m from DM 405m. The plastics division boosted sales by 41 per cent to DM 85m.

Despite the decline, the company is "not dissatisfied" with its first-quarter group sales. Varta said losses from converting foreign currencies were the prime cause of the three-month sales drop.

Moreover, sales in the first quarter of 1985 were unusually high because extremely severe winter weather in Europe caused a surge in car battery sales.

"The measuring stick for 1986 is miserably high for us," Varta said.

Domestic sales, which are not subject to exchange-rate fluctuations edged up 0.4 per cent in the first quarter to DM 264m.

Imasco plans C$2.5bn issue

By Robert Gibbens in Montreal

IMASCO, the fast-food, tobacco products and retailing group plans an equity issue to help to fund the C$2.5bn (US$1.82bn) takeover of Genstar.

Imasco, 44 per cent owned by BAT Industries of Britain, has almost completed the Genstar deal, which will leave it with ownership of Canada Trustco, the country's seventh-largest financial institution.

Imasco had fourth-quarter earnings (excluding Genstar), of C$51.3m or 47 cents a share.

Chrysler plans assembly deal with AMC

By Our New York Staff

CHRYSLER, the third largest US motor group, confirmed last night that it was talking to American Motors (AMC), the small-scale car manufacturer in which Renault of France has a controlling interest, about the possibility of assembling some of its vehicles in an AMC plant.

Chrysler said the discussions centred on its ageing range of large, rear-wheel-drive eight-cylinder models currently made in one of its St Louis plants. The company has been considering discontinuing these vehicles for some time, because it is now concentrating all its development activity on smaller front-wheel-drive models. However, they have been kept in the model line-up because of continuing – and profitable – demand.

A deal with Chrysler would help AMC temporarily as it comes to a decision on the future of its manufacturing in the US. The company has already decided that its Kenosha plant in Wisconsin, where it makes its compact Alliance range, is not suitable for a modern production line, and it has been considering either abandoning the plant or bulding elsewhere.

In the meantime, it has spare capacity in Kenosha because of the poor demand for the Alliance. It also has capacity at its Brampton facility in Canada, which is believed to be under consideration by Chrysler for a contract assembly operation.

Greyhound earnings fall to $10m in quarter

BY OUR FINANCIAL STAFF

GREYHOUND, the US transport, consumer products and financial services group which is restructuring its old-established bus lines business, suffered a sharp fall in first-quarter net earnings from $19.1m or 39 cents a share to $10.3m or 21 cents.

The 1985 quarter included $6.9m of gains from the sale and leaseback of two bus terminals. Another negative factor for the latest quarter was higher claim losses in Greyhound's Verex mortgage insurance business, offset partly by increased investment gains. Profits for Greyhound's financial group were down 32 per cent overall due to the Verex results.

In contrast the company's consumer products group, the products of which range from canned meats to Brillo pads, lifted profits by 62 per cent, reflecting last year's acquisition of Purex Industries' consumer products business.

Greyhound's revenues rose from $680m in the 1985 quarter, when only one month of Purex revenue was included, to $751m.

Earlier this week Greyhound announced a comprehensive restructuring for Greyhound Lines, dividing it into four regional companies. Greyhound is currently applying for a listing on the London Stock Exchange, part of a planned expansion of the company's European financial services group.

Grumman falls again

BY OUR FINANCIAL STAFF

GRUMMAN, the big US military aircraft and defence electronics group, yesterday reported its fourth consecutive quarterly earnings decline with net profits falling to $20.3m or 64 cents a share from $27.2m or 90 cents.

Revenues rose from $758.5m to $826.1m, while earnings per share figures reflect a rise in shares outstanding from 28.7m to 32.1m.

Grumman said its order backlog jumped from $4.9bn at March 31, 1985, to $6.3bn a year later. The latest figure includes $1.1bn from a recently announced contract to supply vans to the US postal service, but excludes $621m from unfunded US Navy programmes.

Grumman's van order is for 99,150 delivery vehicles, which will be produced at the company's plant in Montgomery, Pennsylvania. The vehicles will go into service between 1988 and 1993.

Less than 10 per cent of Grumman's sales are derived from non-aerospace commercial products, and the company is better known as the largest producer of aircraft for the navy's aircraft carriers.

Brown Boveri unchanged as sales surge

By Our Financial Staff

BROWN BOVERI, the West German electrical engineering group, has maintained profits for 1985 despite a steep increase in turnover.

The company, which is 75 per cent owned by Brown Boveri of Switzerland, reported net profits of DM 25.7m ($11.9m) against DM 25.3m. Turnover rose from DM 4.82bn to DM 8.18bn for last year.

The company said profits for the current year would at least match those of 1985. For the first four months of 1986 incoming orders were 23 per cent higher.

However, Mr Herbert Gassert, managing board chairman, warned that turnover would be lower because the 1985 figure was inflated by the settlement of two large power plant contracts.

Mr Gassert said domestic sales surged 126 per cent to DM 6.01bn last year, mainly on account of the power plant settlements, while foreign business was barely changed at DM 2.17bn. The share of exports and foreign production in group turnover dropped to 26 per cent from 45 per cent.

Last year incoming orders rose 11 per cent to DM 5.99bn with domestic orders 8 per cent higher at DM 3.53bn and foreign demand 17 per cent up at DM 2.46bn.

Kodak suffers from job-cuts programme

BY OUR NEW YORK STAFF

EASTMAN KODAK, the world's largest photographic products group blamed a more than 50 per cent fall in first-quarter net and operating earnings on the cost of its job-reduction programme and "lower US selling prices and generally high operating costs."

The earnings decline came despite a 10 per cent gain in sales revenues, mostly led by higher overseas volumes.

Net earnings in the quarter plunged 58 per cent to $48.6m, or 22 cents a share, from $115.2m, or 50 cents a share, a year ago. Sales increased to $2.35bn from $2.13bn.

The latest quarter's figures were reduced by a $77.3m pre-tax charge related to the group's 10 per cent workforce reduction programme, which Kodak's senior executives warned would probably cut 1986 net earnings by about $140m. Without this unusual charge, Kodak said, net earnings in the latest quarter would have been $91.5m, or 40 cents a share – down 21 per cent.

Earnings from operations fell 56 per cent to $90.5m from $206.5m a year ago. Excluding the special charge, operating earnings declined 19 per cent to $167.8m.

Kodak said sales gains in two of its major business segments, imaging and chemicals, resulted entirely from unit volume gains offset by lower selling prices.

Mr Colby Chandler, chairman and chief executive, and Mr Kay Whitmore, president, said in a joint statement: "While the 10 per cent sales gain in the first quarter was consistent with our expectations, earnings continued under pressure due to lower US selling prices and generally high operating costs, including larger research and development expenditures and higher depreciation expense.

"Higher unit volume and lower raw material costs favourably affected earnings, as did the strengthening of foreign currencies against the US dollar." Looking ahead, the two Kodak executives said: "First-quarter results give us confidence that 1986 will be a year of growing sales while the continuation of cost pressures make clear the need for cost reduction efforts, which were accelerated earlier in the year.

"With continued gains in unit volume and cost benefits that should become apparent later in the year, we expect to be operating at a significantly improved earnings rate by the end of 1986. For the year as a whole we continue to look for solid gains in sales and operating earnings."

INTL. COMPANIES

Cambior to control Quebec mining

By Robert Gibbens in Montreal

CAMBIOR, a new gold mining company, has been formed to take over the gold and other metal mining investments of Soquem, the Quebec government's wholly owned mining development agency.

It will sell two thirds of its shares publicly in Canada and Europe, and in the US through private placement, hoping to raise between C$100m ($78m) and C$150m from the public offer.

Cambior, headed by Mr Gilles Mercure, retired president of National Bank of Canada, and Mr Louis Gignay, former Falconbridge copper vice president, has assets of between C$150m and C$200m, including a half-share in the Doyon gold mine in north-west Quebec, Canada's second-largest, and half of Niobec, Canada's only Columbian producer.

In effect Soquem is being privatised but will retain a third of Cambior for the time being while continuing in a minor exploration role.

● **TransCanada Pipelines**, controlled by Bell Canada Enterprises, is still interested in Home Oil of Calgary, if Olympia York Developments, the successful bidder for Hiram Walker Resources, decides to put it up for sale.

Mr Gerald Maier, TCPL's president, said Home Oil may be worth about C$1bn and was the main target of its own unsuccessful bid for Hiram Walker, a large liquor and energy group. "However, there are a number of Home Oils out there waiting to be acquired, and more will be showing up," he said after TCPL's annual meeting in Toronto.

Lower oil prices will mean lower earnings in the second quarter, he said, and TCPL is cutting back its spending by about 25 per cent. The traditional pipeline business will be the mainstay over the next few years of volatile oil and gas prices.

● **Continental Bank of Canada** has renewed C$3bn in the special short-term loans from six leading Canadian chartered banks and the Bank of Canada for a further three months while the Bank of British Columbia said a serious run-off in wholesale deposits early this year has stopped.

Both banks were caught in the wash of the failure of the Canadian Commercial Bank and the Northland Bank late last year, and faced major deposits withdrawals.

New deadline on Dome Petroleum debt

By Our Montreal Correspondent

SENIOR international creditors of Dome Petroleum have given the company another month – till May 31 – to reach an interim agreement on the rescheduling of US $5.3bn of debt. The creditors will not put the company into technical default before then.

Dome has failed to meet the conditions of a previous debt rescheduling agreement because of the steep decline in oil prices since last November.

Half the interest due on Dome's debt on April 30 has been released from Escrow to its lenders and the balance will be paid once the interim agreement is reached.

● Lower contributions from two main subsidiaries, Northern Telecom and TransCanada Pipelines brought a decline in first quarter profit of Bell Canada Enterprises, the holding company that controls the Bell Canada regulated telecommunications utility plus 80 non-regulated businesses. Earnings totalled C$240.1m or 93 cents a share, against C$253.4m or C$1.04 on revenues of C$3.2bn against C$2.99bn.

BCE's performance in the second half will improve, the company said, but earnings for all 1986 are not likely to match the C$4.23 a share of 1985.

A&A moves ahead 67%

By Terry Dodsworth in New York

ALEXANDER & Alexander, the world's second largest insurance broker which merged last year with Reed Stenhouse of Canada and Britain, achieved a 67 per cent increase in profits in the first quarter this year due to "significant growth" in business volume.

Net income amounted to $22.1m or 54 cents a share compared with $13.2m or 35 cents a share in the same period last year, while operating revenues jumped almost 19 per cent to $249.8m from $210.5m.

Mr John Bogardos, chairman, said volume had risen because of a mixture of new business and an increase in the premiums handled by the company. "We are obviously pleased with these earnings and expect ongoing positive results from our continuing operations during the balance of 1986," he added.

هكذا من الأصل

A fitter Sperry comes out fighting

BY PAUL TAYLOR

MORE than any of the other big US computer companies, Sperry has suffered in recent years from an acule idenlity crisis. Few pf its competitors have been in so many different businesses, and none has struggled so visibly with the problem of competing in an IBM-dominated world.

But its personality crisis may be over. Three years of internal turmoil at Sperry could finally be drawing to a close. After a bruising round of management changes and sweeping asset sales, a new streamlined Sperry is emerging with its ambitions focused clearly on its traditional mainline computer and defence electronics businesses.

Sperry's new strategy was underscored late last year by the promotion of Mr Joseph Kroger, a tough 51-year-old Chicago-born marketing veteran and bead of the gronp's information systems division, to the post of president. Mr Kroger'a ascendancy to the Number Two spot came in the wake of two aborted takeover bids for the group

The takeover bids hy ITT and Burroughs brought to the surface a rumbling factional dispute within Sperry's senior management. In one corner stood Mr Kroger and his boss, 62-year-old Mr Gerald Probst, Chairman of Sperry, wbo believed that with the rigbt products Sperry can aurvive as an independent company in the computer industry. In the pther camp was Mr Vincent McLean, the group's chief financial officer, the leader of a band of dissenters who favoured either a break-up or a sell-out.

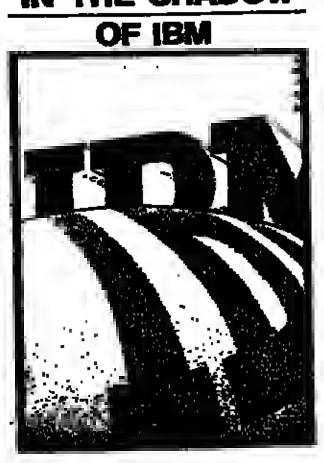
When the dust from the failed talks settled, Mr McLean, the man widely credited with cleaning up Sperry's balance sheet, had quit. The reshaped management team is betting Sperry's future on its $4.2bn-a-year computer business and a strategy wbich calls for the group to develop itself as an integrated systems supplier providing a full range of hardware, software and back-up services.

The group has ahandoned its historic "go-it-alone" mentality, becoming an aggressive re-seller of pther companies' products. It bas also ramped up R and D spending and realigned the management of its computer pperations by putting salesmen in charge pf a business once dominated by engineers.

Mr Jan Lindelow, the Swedish-born bead of commercial marketing and former general manager pf Sperry's Information Systems group's international operations, notes: "Sperry has gone througb a lot of cbange from being a very passive conglomerate in the 1970s througb the divestmenls of New Holland and Vickers Hydraulics."

The key challenge facing Mr Lindelow and Sperry's pther new line managers is to halt any further erosion of the group's customer base and huild upon its exiating strengths. Although defence business remains importanl to the new Sperry, cpmmercial computer operations accounted for about 60 per cent of its fiscal 1986 $5.74bn in revenues, ranking it as the fourth largest computer group in the US.

IN THE SHADOW OF IBM



The need for changes in the computer division has been painfully ohvious. Sperry, which claims the second largest installed mainframe base to IBM, worth in excess of $17bn, has seen its bold over the marketplace wane. From satisfying 90 per cent of its customers' computer equipment needs in the late 1970s, the percentage dropped to around 60 as customers turned to rival suppliers.

To reverse that trend, Sperry has broadened its product line, is targeting vertical industry segments, refocusing its sales efforts and expanding its sales force. While Mr Lindelow says the group recognised this need five years ago, he adds: "I dpn't think we stepped up to hat." Today be and other Sperry insiders insist that bas changed.

One aspect pf this shift is a dramatic realignment pf Sperry's computer prodnct mix. Since Messrs Probst and Kroger began pushing Sperry in new directions, Mainframe sales, which used to account fpr pver 70 per cent of the total, have dropped to around 55 per cent. Sperry, like other US mainframe vendprs, has rushed to supply the smaller computers and PCs which its customers had been demanding. Personal computer aales have grown from virtually nothing 18 months ago to a $400m-$500m-a-year business, according to Mr Lindelow.

Anolher elemenl in the stralegic redirection has resulted in Sperry turning increasingly tp outside suppliers fpr products it has noi developed in-house. For example, Mitsubishi, the Japanese electronics group, suppliea Sperry's IBM-compatible PCs and also manufactures one of the group's smaller mainframe machines. Dther computer equipment bearing the Sperry label is supplied hy NCR and Computer Consoles — equipment which runs AT & T'a industry standard Unix operating system as well as Sperry's own 1100 operating system.

Across the board, Sperry has ahandoned its once proud "not-invented-here" bias in favour of taking "make-or-buy" decisions. The result is a plethora of agreements and reselling contracts with external partners.

Sperry's new strategy is also apparenl in its use of research and development dollars. Sperry bas stepped up its own computer R and D spending dramatically to around $420m a year and plans to spend $2bn on computer R and D over the next five years—75 per cent of the company's overall projected R and D expenditure.

While even that sum pales into insignificance against the giants of the computer industry, IBM and the Japanese, Sperry is seeking to leverage its limited financial and engineering resources through joint venture agreements and other partnerships, boping that these will provide it witb the technological clout it needs fpr the future.

Analysts warn that rellanco on outside technology can he a high-risk game, exppsing the company tp factors ultimately outside its control. Indeed Sperry's previoua external bets haven't always paid off. After investing heavily in Trilogy, the West Cpast joint venture firm which was to have developed a new generation of high-power computer chips—an effort since abandoned—Sperry was forced to take a $24.1m writedpwn in 1984.

On the other hand, Sperry, like most of its compeiitors, may have lilile choice lhan to seek putside help if it is to slay in the technology race. The company's dilemma was illustrated by its decision to turn to Hitachi, lhe Japanese computer maker, for peripheral equipment late last year—a deal which is already beginning to generate new products including high-power optical disk aubsystems.

THE KEY FIGURES*

($m)

	1986	1985	1984	1983	1982	1981
Revenues	5,740.8†	4,972.1†	4,914.0	4,663.6	5,045.3	4,896.1
Net profit	46.8‡	286.7	200.8	122.3	200.9	288.4

* Fiscal years ending March 31. † Restated to exclude Sperry New Holland revenues of $332.9m in 1986 and $715.1m in 1985. ‡ After $233.2m in losses from discontinued operations.

After lhe failure of the Trilogy project, Sperry clearly needs help designing its next generation of mainframe machines. As part of the agreement with Hitachi, both companiea said lhey plan to "evaluate each other's lechnology in order to delermine if there are mutual benefits to be gained through some form of co-operation"

Sperry insiders play down lhe significance of the deal, insisting that the group remains committed to designing and building its own mainframe machines. But some Industry watchers believe Sperry will eventually turn to Hitacbl to supply tbe inlernal workings of its next generalion of mainframes—or at leasl supply the technology for an interim machine to fill the gap before the new generation is ready.

In those circumstances the future of Sperry as an independent mainframe maker could again be in doubt. For the momenl, bowever, Sperry's new strategy appears to be paying off. Strong shipments of its top-end 1100/90 mainframes and growing personal computer sales have helped put a new shine on Sperry's financial results.

Commercial computer revenues and pperating profits increased by 21 per cent and by 22 per cent respectively in the fiscal ycar ended March 31—helping to offset lower profits in the defence and aerospace operations caused by a strike and production problems.

Excluding special gains in the year-ago period and a $233.2m after-tax loss from the now discontinued New Holland farm equipment business, Sperry posted a 7 per cent advance in fiscal 1986 operating prnfits. And although Mr Probst remains cautious about near term year-on-year quarterly comparisons—and the outlook for the US computer industry as a whole—be says be remains "optimistic" that revenues and profits in both the commercial computer and defence and aerospace businesses wilt grow in the current fiscal year.

In the latest quarter, he noted, commercial computer operations posted revenue and operating profit gains of more than 20 per cent—helped by strong orders and the weakening dollar. "We are also encouraged by growth in our low-end microcomputer line and increasing evidence ihat our Unix sales effort is gaining momentum," he said this week. "We project that our top-of-the-line 1100/90 computer orders and shipments will continue at the levels of last year and our low-end microcomputer line will grow significantly."

Sperry's balance sheet is also in much better shape than a few years ago. With total debt falling from almost $2bn to under $1bn, Sperry's debt to equity ratio has dropped to a respectable 30 per cent, while asset sales and a recent debt offering have swollen cash balances to around $500m.

Ironically much of the credit for balance sheet spring cleaning goes to Mr McLean, who made it clear that he doubts whether Sperry can make it on its own in the computer business. He told Forbes magazine recently, "Sperry has had 30 years in the computer business and it's been behind the ball for all but the first two. If it wanted to pursue IBM, it was necessary to get much larger, and the Burroughs merger would have given us a chance."

It is now down to Sperry's new management team to prove him wrong—and despite Wall Street's doubts and the latest merger rumours, they appear determined tp try to do so.

Previous articles in this series appeared on April 29, April 23 and April 22.

INTERNATIONAL COMPANIES and FINANCE

Carla Rapoport on a financial market's next liberalisation moves

Stage set for upheaval in Japan

THIS YEAR is proving to be a crucial testing time for financial liberalisation in Japan.

Unlike the sweeping changes which marked the opening of the Euroyen bond market in late 1984 and 1985, the liberalisation measures taken so far this year have been mostly fine-tuning. Within the course of 1986, however, the excitement is expected to return.

Banks and securities houses expect measures to be taken in three important areas:

● Long-term Euroyen loans to Japanese borrowers.

● Yen-denominated commercial paper.

● Widening the Euroyen bond issuers' circle to include foreign banks.

All of these moves will be controversial as they will challenge the established order dividing securities houses from banks, as well as the division between Japan's long-term and short-term credit institutions.

The Ministry of Finance (MoF) confirmed that all three measures are under active consideration. A report on a number of sensitive issues is expected from the Financial System Review Committee later this summer, at which time some of these measures are expected to be announced.

"It's easier to clear up the exceptions first," a MoF official said this week, referring to recent deregulation steps in the Euroyen bond market which have allowed the introduction of dual currency bonds, FRNs and other new instruments. "Now we are discussing things which really undermine the current structure of the domestic market," he said.

In the case of long-term Euroyen lending, for example, Japan's three long-term credit banks are fighting hard against liberalisation. Currently, Japan regulates its long-term prime rate, leading the long-term institutions to fear they will be undercut when long-term Euroyen lending to Japanese residents is allowed.

The appetite for these loans, the institutions fear, will be large. Euroyen loans to non-residents, mostly foreign subsidiaries of Japanese companies, had reached a total of Y1,100bn ($6.6bn) by the end of last year. The MoF pointed out, however, that Japan's long-term lending rate is at a record low of 6.4 per cent: "So now is a good time to do it as demand for the new instrument would be low."

But a Bank of Tokyo executive said: "This long-term Euroyen lending will provide the destruction of the system. We need to make some fundamental changes first. We need a kind of rationalisation of the domestic scene."

This appears unlikely to happen in the fraught area of interest rate regulation. In the short-term financial instrument sector, however, things look somewhat less complicated. Japan is seriously considering the introduction of a commercial paper market and may begin issuing guidelines by the end of this year for both a domestic and Euroyen market. The battle here will be between the securities houses and the commercial banks.

The commercial banks say they should handle the commercial paper market because they specialise in short-term lending. The securities houses say it should be their province because they specialise in trading securities. But if the securities houses get the business, the banks will cry that yet another leg has been cut out from under them. It appears, already, that some Japanese-style compromise will be hammered out between the two warring factions.

Finally, the question of foreign banks' issuing Euroyen bonds bring up, again, the division between the functions of Japan's commercial and long-term credit banks. The MoF said it was under pressure from foreign banks to allow them into the Euroyen bond market and that it was inclined to grant the right. But the ministry fears the wrath of the Japanese commercial banks, which will insist on similar treatment. If granted, this liberalisation will set off the long-term credit banks, who currently enjoy the franchise for issuing long-term instruments such as bonds.

"To say it will be an interesting year may perhaps be an understatement," a ministry official commented yesterday.

Quiet day as traders worry about summit

BY CLARE PEARSON

THE MAY DAY holiday in Europe ensured very quiet trading of Eurobonds in London yesterday. Where they moved, prices of dollar Eurobonds were ¼ point lower on the day as Eurobond traders watched the downward slide in prices of long-dated US Treasuries and worried about the outcome of the weekend economic summit in Tokyo, and next week's Treasury auctions.

New deals in this lethargic market attracted little attention. Morgan Guaranty's $100m seven-year bond for Long-Term Credit Bank of Japan contrasted, however, with the recent stream of Japanese issues for US borrowers. With a 7¼ per cent coupon and 101 issue price, the deal gave a net spread of 0.55 per cent over Treasuries at launch, which the market thought fair enough. Morgan Guaranty quoted a bid price just inside fees of 1½ per cent.

The greater resilience of the floating rate note market to recent nervousness about dollar instruments was illustrated yesterday when Merrill Lynch's recent deal for Citicorp was increased from $300m to $500m because of strong demand. The bid price on the bond yesterday afternoon was 99.60, well inside the 60 basis points total fees.

Traders said that Wednesday's $200m floating rate note for Bank fuer Gemeinwirtschaft has performed well, though the price has fluctuated considerably.

At the speculative end of the market, Shearson Lehman Brothers announced that it had placed warrants into next week's auction of the new 30-year US Treasury. These are termed "split fee" warrants, since an up-front payment of $16.5 covers the purchase of the warrant, and there is an additional cost for the option to buy or to sell the Treasury bond that the warrant bestows.

There are 100,000 call warrants which at a price of $45⅞ give the option to buy at three points above the average auction price, and 100,000 put warrants which, for $47⅞, give the right to sell at five points below the average auction price. The warrants may be exercised between August this year and January 1987.

Salomon Brothers International launched the 10th and 11th of a series of traded warrants issues exchangeable for US Treasuries. There are 500,000 warrants for the Treasury 8 per cent 1988, at an issue price of $8¾ each and exercisable at 102¼. There are 250,000 warrants for the Treasury 8¼ per cent 1991, priced at $16 each and exercisable at 105⅞. Both forms of warrant may be activated from May this year until April 1987.

Daiwa Europe priced the equity warrants issue for Nichumen Corporation. The coupon was set at 2⅞ per cent, against an indicated 3¼ per cent. The warrant exercise price was set at Y338 per share, representing a 2.74 per cent premium over the closing price on the shares. The exchange rate was set at Y169.65 to the dollar.

Swiss bankers no doubt found time to ponder, over the public holidays, the poor performance of the recent crop of dual currency bonds in their market. Most of these deals are trading at substantial discounts to issue price. Known as FIPS (foreign interest payment securities), they differ from conventional dual currency bonds in that they pay interest in dollars but are redeemable in Swiss francs.

Controversy surrounded the put options on the bonds, since, if the dollar falls below a specified point, the investor receives a proportionately smaller amount, while he received only his SFr 5,000 per bond if dollar moves higher.

Many of the issues have had fixed exchange rates below which the dollar has already fallen; Standard Oil's issue, for instance, had a fixed exchange rate of SFr 2.01.

Some Swiss bankers, however, attribute the failure of the later FIPS to the names of their issuers. The first of the deals, for well-known PepsiCo, was increased from SFr 200m to SFr 400m and still was trading on Wednesday at 102¼. General Electric's deal traded at 99¼, despite a swiss franc/dollar exchange rate below that fixed on the bond. This contrasted starkly with the level on the southern California gas bond, which slipped to 93¼.

Mr Stanislas Yassukovitch: credibility of international securities trading system at risk

Concern at regulatory disharmony

Mr Stanislas Yassukovitch talks to Peter Montagnon, Our Euromarkets Correspondent

THE TREND to globalisation of international securities trading will not work unless a greater degree of regulatory harmony is achieved between individual financial centres, Mr Stanislas Yassukovich, chairman of Merrill Lynch Europe, said in London yesterday.

National systems for regulating securities markets were for more diverse than those for regulating banks which applied when the Eurocurrency banking market started in the 1960s, he said in an interview. Consistency of treatment was now likely to become a big issue in the securities field.

The concern was not that there was likely to be a single, cataclysmic disaster, but that "one is worried that there may be a series of problems that strain the credibility of the whole system." Business also tended to flow naturally towards the most liberal centres, which led to unsound competition based purely on relative regulatory freedoms, he said.

Echoing an earlier call by Mr Robin Leigh-Pemberton, Governor of the Bank of England, for more international co-operation in securities market regulation, Mr Yassukovich said such regulation might not appear to be to the best short-term interest of the securities industry, but should be acceptable to the industry "if it has its long-term health in mind."

One problem was that central banks, which were becoming the natural focal point for regulation of financial innovation, were not necessarily equipped for that role, while regulatory bodies in the securities industry itself had no structure for setting co-operation in motion.

This would not be easy, partly because of the different historical development of individual financial centres with stock exchanges, commercial banks and other bodies playing roles of varying importance. Some centres also had a tradition of self-regulation, while others relied on statutory bodies, he said. Some, such as London, were also undergoing a transition and it was not yet clear how the regulatory framework would evolve.

"It really is a complete mismatch . . . There should be a serious study of different alternative methods of achieving a greater cohesion," he said.

Separately Mr Yassukovich criticised Tuesday's decision by the UK Treasury to cut the proposed tax on the creation of American Depositary Receipts to 1½ per cent from 5 per cent. Even at this level the tax would still impede the market; it was essentially a tax on industry, rather than on investors, and the Treasury should eliminate it entirely, he argued.

N. AMERICAN QUARTERLIES

BROWNING-FERRIS INDUSTRIES
Waste disposal

Second quarter	1985-86 $	1984-85 $
Revenue	317m	270m
Net profits	28.4m	24m
Net per share	0.40	0.34
Six months		
Revenue	633.2m	535.1m
Net profits	58m	49.2m
Net per share	0.82	0.71

GENERAL RE
Reinsurance

First quarter	1986 $	1985 $
Revenue	708.3m	478m
Net profits	50.3m	29.7m
Net per share	1.13	0.66

NOVA ALBERTA
Energy

First quarter	1986 $	1985 $
Revenue	789m	073.7m
Net profits	26.3m	31.8m
Net per share	0.04	0.08

ST. PAUL COMPANIES
Insurance

First quarter	1986 $	1985 $
Revenue	778.4m	608.3m
Op. net profits*	24.4m	2.7m
Op. net per share	1.19	0.13

* Before capital gains, losses and tax credits.

W. WRIGLEY JR.
Chewing gum

First quarter	1986 $	1985 $
Revenue	157.4m	137m
Net profits	10.2m	8.6m
Net per share	0.48	0.41

Utd. Tech signs $1bn commercial paper deals

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

UNITED Technologies, the US defence equipment and automotive company the Sikorsky subsidiary of which led the rescue of Britain's Westland helicopter concern earlier this year, has signed up $1bn worth of commercial paper programmes in the Euromarket.

The deal is the largest specified amount yet for an industrial company and marks a fresh endorsement of the fast-growing Eurocommercial paper market by US borrowers. It is divided into two separate programmes of $500m apiece, one for United Technologies itself and the other for its UT Financial Services subsidiary.

United Technologies expects to begin selling paper next week under both the programmes, for which Citicorp has been appointed sole dealer. Proceeds will be used to fund the company's European operations rather than simply to arbitrage with the US commercial paper market in the style of many US corporate borrowers.

The deal is denominated in dollars, but United Technologies reserves the right to issue paper in other currencies, such as sterling, when they are available and when it has a genuine need for them.

The company's US commercial paper has the top A1/P1 rating from the US rating agencies Standard & Poor's and Moodys and is well known in the Eurobond market, where it pioneered the opening of the Euro-lira bond market last autumn.

Only one other issuer has launched a $1bn programme, but that was a bank, Manufacturers Trust and Banking, where the certificate of deposit programme for that amount was launched through Salomon Brothers at the end of March.

Upturn at Ivory Coast banks

BY PETER BLACKBURN IN ABIDJAN

SHARPLY IMPROVED results have been reported for last year by two of the leading banks in the Ivory Coast.

Societe Generale de Banque en Cote d'Ivoire, the largest bank with 36.8 per cent of total deposits, increased net profits by 105 per cent to CFA 1.25bn ($3.6m) and distributed a dividend of 10 per cent for the year to September.

This was achieved despite a 92 per cent increase in provisions for loan losses incurred during previous recession years.

As well as a "very alarming" increase in bank robberies, SGBCI spent $2m on security improvements last year.

"A particularly favourable economic climate" was responsible for the improved performance, according to Mr Tiemoko Coulibaly, its president. Record cash and food crops resulted in a big increase in farmers' revenues and recovery in internal demand. Real gross domestic product rose nearly 5 per cent in 1985, reversing a three-year decline.

SGBCI's lending rose 9.3 per cent to CFA 378.3bn while deposits rose 20 per cent to CFA 182bn.

Meanwhile Banque Internationale pour l-Afrique Occidentale en Cote d'Ivoire (Biao-CI) has reported its first profit for four years.

Net earnings totalled CFA 244.6m after substantial provision had been made for loan losses. The balance sheet remained unchanged at CFA 167.4bn.

A similar profit was forecast for the current year by Mr Arnaud de Montigny, director general, adding: "There is a definito recovery after a very difficult period."

The ending of interest payments on current accounts in January 1985 helped improve profitability.

Unusual structure for Molson facility

BY OUR EUROMARKETS CORRESPONDENT

Molson, the Canadian brewing, chemical and retail concern, is raising $75m in the Euromarkets through a six-year facility arranged by Credit Suisse First Boston and Morgan Guaranty.

The facility bears a relatively unusual structure in that it provides for the borrower to issue five-year floating rate notes through a tender panel rather than the short-term paper which is more normal under such deals.

Underwriting banks, which are to receive an annual facility fee of 10 basis points on the deal, will undertake, however, to buy the notes back from investors at par on each interest payment date. As far as noteholders are concerned this gives the paper the characteristic of a short-term investment.

Maximum margin on the notes is 12.5 basis points. Bank of Montreal is facility agent, while Morgan Grenfell is issuing and paying agent.

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market.
Closing prices on May 1

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco Co. 9¾ 16	200	100¾	101¼	−0⅛	−0⅛	9.64
Atlan. Richfield 10⅛ 00	250	106⅞	107¼	−0⅛	−0⅛	9.32
Australia Com. 11 95	200	117½	118⅛	−0⅛	+0⅛	0.13
Australia Com. 11¼ 00	100	118¾	119⅛	−0⅛	−0½	0.83
BP Capital 9¼ 94	100	103¼	103⅞	−0⅛	+1	8.48
BP Capital 11¼ 92	150	110	110½	−0⅛	−0⅛	8.78
Campbell Soup 10⅜ 95	100	112¼	113	−0⅛	−0⅛	8.45
Canada 9 96	1000	107⅞	108½	−0⅛	−0⅛	7.82
Canada 11⅛ 90	500	112⅞	113⅜	−0⅛	+0⅛	7.47
Canadian Pac. 10¾ 93	100	109⅞	110¼	+0⅛	+0⅛	8.78
CEPME 10⅛ 91	100	108¼	108⅝	−0⅛	−0⅛	8.15
Citicorp 10 88	200	103⅞	104⅛	−0⅛	+0⅛	7.97
Citicorp 10⅛ 95	200	105⅜	105⅝	−0⅛	−0⅛	9.69
Credit Lyonnais 8 91	200	104⅛	104⅝	−0⅛	0	7.82
Credit National 9¾ 93	150	105¼	105⅞	−0⅛	+0⅛	8.02
Denmark Kgdm. 11¼ 89	100	108½	109	0	+0⅛	7.88
Denmark Kgdm. 11⅛ 90	100	111½	111⅞	−0⅛	+0⅛	0.02
Denmark Kgdm. 11⅛ 92	100	114⅞	115⅜	−0¼	+0⅛	9.17
EDC 0⅛ 92	100	102⅞	103⅜	−0⅛	−0⅛	7.82
EDF 10 95	225	108⅞	109⅜	0	+0⅛	0.51
EEC 8¾ 91	150	104⅛	104⅝	0	+0⅛	7.46
EEC 9¾ 90	350	105½	106	−0⅛	+0⅛	7.99
EIB 10¾ 94	200	110	110½	−0⅛	−0⅛	8.49
EIB 12 95	200	122⅞	123⅜	−0⅛	0	8.25
Eli Lilly 10⅛ 92	150	111½	112¼	−0⅛	0	7.79
Equil. Lfd. Rlty. 10⅛ 97	100	108⅛	108⅝	−0⅛	−1	9.27
Export Dev. Cpn. 10 90	100	107⅞	108⅜	−0⅛	0	7.61
Fed. Dep. Stm. 10⅛ 95	100	110½	111¼	−0⅛	+0⅛	8.36
Ford Motor Crd. 10⅜ 91	150	108¾	108⅞	−0⅛	−0⅛	8.45
Ford Motor Crd. 11¼ 90	100	108	109½	0	0	0.41
Gen. El. Cmd. 10⅛ 00	200	106½	107	0	+0⅛	9.36
GMAC 10⅛ 89	200	106¼	106⅞	−0⅛	−0⅛	7.76
GMAC 10⅛ 92	250	107⅞	108¼	−0⅛	0	8.57
IADB 9⅞ 95	200	110¼	111¼	−0⅛	+0⅛	0.18
IADB 10⅞ 95	150	115⅜	115⅞	+0⅛	+0⅛	8.00
Kellogg Co. 10⅞ 90	100	106⅞	107¼	−0⅛	−0⅛	8.59
Kellogg Co. 11¼ 92	100	111¼	112	0	−0⅛	0.57
Nippon Cr. Bk. 10⅛ 95	150	114¼	114½	+0⅛	−0⅛	0.36
Pillsbury Cp. 10⅛ 93	100	107⅛	107⅝	+0⅛	+0⅛	8.79
Proct. & G. 'A' 9⅞ 92	150	106⅛	105⅝	−0⅛	−0⅛	0.72
Pru Realty S. 12⅛ 95	546	117⅝	118⅛	0	+1	8.06
Qantas Airways 10⅛ 95	140	114	114½	0	0	0.11
Queensld. Gvt. 10⅛ 95	100	112⅜	112⅝	0	−0⅛	9.28
Ralston Purina 11¼ 95	150	114¼	114⅝	−0⅛	−0⅛	8.28
Saab Scania 9½ 91	125	104¾	104⅞	−0⅛	+0⅛	8.28
Saskatchewan 10⅛ 92	100	112½	113	+0⅛	+0½	7.92
Scandinavia Air 10⅛ 95	150	110¾	111¼	−0⅛	−0⅛	8.39
State Bk. S. Au. 9¾ 93	100	104¾	105¼	−0⅛	−0⅛	0.26
Statoil 10 90	170	107⅜	107⅞	+0⅛	+0⅛	7.83
O. Wales Trsy. 11¼ 90	190	112	112½	−0⅛	−0⅛	8.07
Swed. Exp. Cmd. 10 92	100	110¼	110⅝	+0⅛	+0⅛	7.74
Sweden 8½ 96	200	105¼	106¼	−0⅛	0	7.86
Sweden 10⅛ 92	250	111½	112⅜	+0⅛	+0⅛	7.83
Sweden Kgdm. 10⅞ 90	200	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden Kgdm. 11¼ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Cpn. 10⅜ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd. Tech. Fin. 10⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Victorian Rep. 11⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅝ 2016	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅝ 2016	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10⅝ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week 0

DEUTSCHE MARK STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

SWISS FRANC STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

YEN STRAIGHTS — Issued, Bid, Offer, Change on day, week, Yield: [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Ex. O. Cr. 0 91 A$	100	64¼	65¼	+0⅛	+0⅛	12.88
Fiat Finance 14½ 89 A$	50	100⅛	104¼	−0⅛	−0½	12.47
GMAC 12⅞ 89 A$	40	100⅜	101⅛	+0⅛	+0⅛	12.53
LB Schlswg. 14⅛ 91 A$	30	104⅛	105¼	−0⅛	+0⅛	12.64
Amex 10⅛ 90 C$	50	104⅞	105⅜	−0⅛	−0½	8.18
Canad. Pac. 10⅛ 90 C$	75	104⅛	104⅝	−2⅛	−3	8.08
CIBC 10⅛ 90 C$	75	†103¾	104⅛	−0⅛	−0½	8.56
Genstar Fin. 11¼ 95 C$	75	†100	106½	0	+0⅛	10.68
Montreal 11⅛ 95 C$	75	109¾	110¼	+1¼	+1½	8.78
Ryl. Trustco 10⅛ 90 C$	75	100⅞	101⅛	−2⅞	−3¼	10.02
Sears Acc. 10⅛ 92 C$	75	†104¼	100	+0⅛	+0⅛	9.57
Coca-Cola F. 17 90 NZ$	75	†104½	105½	−0⅛	+1¼	10.25
Denmark 17⅛ 89 NZ$	50	*†100⅞	101⅛	−0⅛	+0⅛	18.99
Unilver Cp. 17½ 89 NZ$	50	†100	101	−0⅛	+0⅛	17.16
Capnhagn. C. 9 95 Ecu	40	*112¼	113⅝	+0⅛	+0⅛	7.10
EIB 8⅛ 93 Ecu	180	*109	109½	−0⅛	+0⅛	0.88
Walt Disney 8⅛ 94 Ecu	63	*109¼	110⅛	+0⅞	+2⅛	7.07
Honda WW 3⅞ 90 Fl	100	110	110⅛	−0½	+0⅛	1.13
Honda XW 3⅞ 90 Fl	100	92¼	92½	−0⅛	−0⅛	6.14
Thyssen 7⅛ 90 Fl	50	103¾	103⅞	0	+0⅛	6.29
Wereldhave 7½ 90 Fl	75	103⅞	104⅛	0	+0⅛	0.38
Wessanen 6⅛ 90 Fl	50	101⅛	101⅞	0	+0⅛	6.30
Tathse. Forta 8⅛ 91 FFr	400	*100⅛	100⅞	−0⅛	−0⅛	8.48
Amev 11 93 £	50	106⅛	107⅛	−0⅛	+0⅛	9.55
Australia Cpm. 11 92 £	40	108⅛	108⅝	−0⅛	+0⅛	8.10
GMAC UK F. 10⅛ 90 £	30	104⅛	104⅝	−0⅛	+0⅛	9.10
Imp. Ch. Ind. 11⅛ 95 £	100	109¾	110	−0⅛	+0⅛	9.62
Imp. Ch. Ind. 10¾ 92 £	75	104⅞	105⅜	−0¼	+0⅛	9.60
Inv. in Ind. I. 10 93 £	60	102⅞	103⅛	−0⅛	+0⅛	9.38
Leeds Bld. S. 10½ 91 £	50	100⅛	103⅞	−0⅛	0	8.54
McDonalds 10⅞ 90 £	40	105⅜	106½	−0⅛	−0⅛	9.06
MEPC 10⅛ 2003 £	75	†98⅜	99⅛	0	−0½	10.39
Nat'nwide BS 10½ 93 £	75	100	103⅜	−0⅛	+0⅛	8.45
NSW Treasy. 10⅛ 92 £	50	104¼	100	−0⅛	+0⅛	9.59
Royal Ins. 10¾ 92 £	60	105¼	100	−0½	−0⅛	8.49
J. Sainsbury 10⅞ 93 £	60	105½	100	−0⅛	+0⅛	9.65
Tathse. Forta 11⅛ 90 £	50	104⅛	104½	−0⅛	+0⅛	9.70
World Bank 11⅛ 95 £	100	112¼	112⅞	−0½	−0⅛	9.14
COE 8⅞ 95 LFr	600	*†105⅜	106⅛	0	−1¼	7.97
N. Lux. Al. 10¾ 92 LFr	600	*103¼	104⅛	0	+0⅛	9.66

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Anglia Bldg. S. 5 96 £	0⅛	99.83	99.88	14/7	10.44
Barclays Bank Perp. 1	50¼	100.24	100.34	2/7	0⅛
Barclays Bank Perp. 2	50⅛	100.10	100.28	14/8	8⅛
Belgium, Kngdm. al 91	0	100.90	100.60	18/8	8.06
BNP 5⅛ 95	0.00	101.83	101.58	10/7	8.05
Britannia 5 93 £	0⅛	99.93	99.98	8/7	10⅞
CCF 5⅛ 97	0	99.27	99.37	14/5	0.94
Citicorp 5 2005	0⅛	99.20	99.30	28/4	7.73
Credit Lyonnais 5 2000	0⅛	100.44	100.54	10/7	8.06
EEC 5 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 5⅛ 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Bank Perp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Bk. Perp. 5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Malk. Mrt. Board 5 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat West Bk. Perp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NatWest Perp. B	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 5 97 C	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 5 2001	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Prudential Cpn. 4 99 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. Bk. Scotland 5 Perp.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
United Kingdom 5 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woodside Fin. 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Woolwich 5 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day +0.02 on week −0.01

CONVERTIBLE BONDS — Cnv. date, Cnv. price, Bid, Offer, Chg. day, Prem: [illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Elders affiliate buys Santos stake

BY LACHLAN DRUMMOND IN SYDNEY

THE COLLAPSE in oil prices has required Bridge Oil to sell its 15 per cent holding in Santos, another Australian explorer and producer, at a A$73m (US$54.1m) loss to Bridge.

The Santos shareholding, the maximum stake allowed under state legislation, has been bought by Elders Resources, which is a 20 per cent shareholder in Bridge and is in turn 48 per cent owned by Mr John Elliott's Elders IXL.

Elders Resources is paying a nominal A$3 for a Bridge subsidiary, which owns the 38m Santos shares, but over the next 34 months will repay A$166m of loans extended by Bridge to the subsidiary, giving an effective purchase price of A$4.61 a share.

This compares with a market price of A$3.60 but will still leave Bridge with a A$73m loss on its cost price for the shares, bought two years ago from Ansett Transport Industries.

Meanwhile, Elders Finance, a subsidiary of Elders IXL, is extending a A$30m unsecured loan to Bridge and providing letter-of-credit support to the company, while Elders Resources will be taking up its entitlement to a one-for-one options issue announced yesterday by Bridge.

Bridge has been caught in the vice of falling oil prices and the requirement to make additional security deposits with its lenders as the underlying value of its interests in the Cooper Basin oil province and in Santos has fallen below agreed levels.

As well as its remaining oil and gas interests, Bridge has a 40 per cent stake in the Aredor diamond project in Guinea.

BROKEN HILL Proprietary (BHP), Australia's largest company, yesterday described the latest partial bid from Mr Robert Holmes à Court's Bell Resources as "an attempt in gain control ... at an entirely inadequate value," Our Financial Staff writes.

It pointed to several escape provisions in the offer, which it valued at A$7.50 a share ex dividend. These would enable Bell "to walk away without taking shares for which acceptances are lodged."

The value of the residual half of each holding would be at risk, BHP added.

State Bank of India plans venture in Nepal

BY R. C. MURTHY IN BOMBAY

STATE BANK OF INDIA, the country's largest commercial bank, is in talks with Nepalese businessmen aimed at setting up a joint venture bank in the capital, Kathmandu. This follows the Nepalese Government's decision to allow foreign banks to open branches in the Himalayan kingdom with local participation.

State Bank also plans to upgrade its Milan representative office into a branch, according to Mr D. N. Ghosh, its chairman. He said the expansion is part of a two-pronged strategy of expanding in regions which present new opportunities and of consolidating assets and operations at centres where problems have been encountered.

The bank has closed its Nottingham) branch in the UK and its Manila representative office. Operations at Anuradhapura in Sri Lanka were suspended last year pending ultimate closure. At the end of 1985, the State Bank had 41 offices in 27 countries and 7,432 branches in India.

It increased its capital several fold last year and strengthened its published reserves to lift its owned funds to Rs 5.27bn ($427.8m) from Rs 3.64bn in 1984. The ratio of owned funds to deposits is 2.23 per cent, against less than 1 per cent for other Indian banks.

Profits rose by a third to Rs 320.4m from Rs 240.2m on total income up by 16.9 per cent to Rs 26.42bn from Rs 22.60bn. The dividend is being maintained at 25 per cent.

Tongaat-Hulett payout cut

BY OUR JOHANNESBURG CORRESPONDENT

TONGAAT-HULETT, the diversified food and sugar company which manages the Anglo American group's interests in Natal province, suffered a sharp reduction in earnings in the year to March, but believes that rationalisation and the sales of some interests have left it in a stronger position.

The total dividend, however, has been cut from 30 cents to 12 cents a share.

Turnover rose marginally to R1.85bn ($902m) from R1.80bn but pre-tax profits almost halved to R37.9m from R72.8m.

Earnings per share tumbled to 24.2 cents from 60.3 cents.

The directors blame poorer trading by the building materials, textiles and industries divisions. They say that the building materials contribution declined substantially, while the textiles and industries sides both suffered a loss.

Only the starches and sweeteners division improved its profit contribution, the directors say. The sugar, foods and aluminium divisions' contributions were much the same as in the preceding year.

Profits slide at SAB units

BY JIM JONES IN JOHANNESBURG

ASSOCIATED FURNITURE (Afcol) and Amalgamated Retail (Amrel), the furniture manufacturing and retailing subsidiaries of South African Breweries (SAB), have suffered from recession.

Nevertheless, both companies registered improved sales and profits in the second half of the financial year to March.

Afcol, which had recorded a 9 per cent turnover reduction at the halfway stage, improved sales strongly following the relaxation of hire purchase controls in August. Accordingly, turnover rose to R309.4m ($150.4m) for the year as a whole from R295.3m, but pre-tax profits dropped to R6.11m from R15.85m.

A total dividend of 24 cents has been declared from earnings of 48 cents a share. The previous year's earnings totalled 80 cents a share, of which 40 cents was paid out.

Amrel manages South Africa's largest furniture and footwear retailing chains and fell into a loss in the past year despite a 29 per cent rise in second-half furniture sales.

Turnover increased to R518.2m from R468.7m, but a pre-tax loss of R941,000 was suffered against a pre-tax profit of R7.59m. A dividend has not been declared as the past year's trading resulted in an attributable loss of 11 cents a share. The previous year's dividend was 24 cents, declared from earnings of 71 cents a share.

Record subscription for Cathay Pacific float

By David Dodwell in Hong Kong

WOULD-BE investors in Cathay Pacific Airways, Hong Kong's unofficial flag carrier, have subscribed a record HK$51bn (US$6.57bn) in the biggest corporate flotation ever mounted in the territory, financial advisers to the issue revealed yesterday.

The public offering, of 15 per cent of the airline's shares, worth HK$1.54bn, was 32.6 times oversubscribed.

Since a group of 11 institutions were assured of 35 per cent of the 398m shares on offer, with a further 10 per cent earmarked for Cathay staff, oversubscription for the remaining 226m shares amounted to more than 56 times.

The total subscribed is more than twice the HK$19bn total of coins and notes in circulation in Hong Kong, and amply outstrips the money supply, which amounts to HK$40bn as measured by M1.

Subscription was so substantial that Cathay's two existing shareholders — Swire Pacific with a 70 per cent holding, and Hongkong and Shanghai Bank with 30 per cent — are expected comfortably to cover the HK$55m cost of the flotation out of interest earned on the subscription money. This will be invested on the interbank market until May 8, and is expected to earn at least HK$7m in interest a day.

Enthusiasm over the offer has mounted not simply because of the blue-chip reputation of Cathay, but because "grey market" trading in the shares has signalled a handsome immediate profit to successful applicants. The Cathay share are being issued at HK$3.88 apiece, but have been traded informally at 40 per cent above this level over the past week.

Hongkong Bank, which acted as receiving bank for the flotation, was forced to employ 900 staff overnight on Tuesday to count applications after the deadline for subscriptions closed.

Heavy oversubscription was widely expected, since Hong Kong's banking system has been under spectacular strain during the past week as prospective Cathay shareholders have withdrawn savings and arranged overdrafts in an attempt to buy shares.

The subscription was more than twice the previous record, set three years ago when the electronics group Elec and Eltek attracted bids worth HK$22.5bn for HK$225m-worth of shares.

Financial advisers Baring Brothers and Wardley now face the invidious task of working out a method of allotting shares.

High interest rates hit AGC

By Our Sydney Correspondent

AUSTRALIAN GUARANTEE Corporation felt the impact of high interest rates in its March half year with net earnings declining by 10 per cent to A$46.8m (US$34.7m).

The result came after a trebling of its charges against earnings for bad and doubtful debts to A$39m as a result of increased small business bankruptcies, pressures on the rural community, heavy write-offs in personal loans, and the need to write down security values in property lending.

AGC, 77 per cent owned by Westpac Banking Corporation, showed an interest cost rise of 23 per cent to A$409m as its gross income advanced by 14 per cent from A$622m to A$706m.

NOTICE OF PREPAYMENT

THE LONG-TERM CREDIT BANK OF JAPAN LIMITED

(Incorporated in Japan)

Floating Rate Certificate of Deposit ...

US$10,000,000 No. 3 BEG 000001-000010

Issued on 10th June 1983 Maturing 12th June 1987

Callable in June 1986

Prepayment date 12th June 1986

In accordance with the provisions of the Certificates, notice is hereby given that The Long-Term Credit Bank of Japan Ltd. ("The Bank") will prepay the principal amount on the next Interest Payment Date, 12th June 1986, together with the interest accrued to that date.

Payment will be made against presentation and surrender of the Certificates at the Bank's London office at 18 King William Street, London EC4N 7BR

2nd May 1986

NORWEST CORPORATION

NORWEST CORPORATION

US$100,000,000 FLOATING RATE SUBORDINATED CAPITAL NOTES DUE 1998

For the six months 30th April 1986 to 30th October 1986, the Notes will carry an interest rate of 7⅛% per annum with an interest amount of US$362.19 per US$10,000 Note.

Bankers Trust Company, London — Agent Bank

SANDOZ Ltd.

SANDOZ Holding Netherlands B.V.

Notice to holders of the 4¼% US$ Guaranteed Convertible Debentures 1985–1997 of SANDOZ Holding Netherlands B.V.

At the Annual General Meeting of the Shareholders of SANDOZ Ltd. to be held on May 16, 1986, one of the proposals of the Board of Directors will be to increase the company's capital by offering one new bearer share, registered share or participation certificate for every 10 securities of the same category at a subscription price of Sfr. 1800.- per new bearer or registered share, Sfr. 360.- per new participation certificate. The new shares and certificates will be entitled to dividends from January 1, 1986.

In connection with this capital increase, the holders of the 4¼% US$ Guaranteed Convertible Debentures 1985–1997 of SANDOZ Holding Netherlands B.V. should note that

a) conversion into participation certificates cum subscription right can take place up to May 12, 1986;

b) the conversion right of the Conversion Debentures will not be exercisable during the period from May 13, 1986 until the publication of an additional notice with regard to the adjustment of the conversion price; such notice will be published in this newspaper as soon as possible;

c) the conversion price will be adjusted on June 2, 1986, after the Zurich Stock Exchange closes trading.

May 2, 1986

SANDOZ Ltd., Basle
SANDOZ Holding Netherlands B.V., Amsterdam

NOTICE OF REDEMPTION

KINGDOM OF DENMARK

11¾ Percent Bonds due 1st June, 1990

NOTICE IS HEREBY GIVEN that, pursuant to the Paying Agency Agreement dated as of June 4, 1980 between The Kingdom of Denmark (the "Kingdom") and Morgan Guaranty Trust Company of New York as Principal Paying Agent under which the Kingdom issued its 11¾ percent Bonds due June 1, 1990 (the "Bonds"), and the Bonds, the Kingdom has elected to and shall redeem on June 1, 1986 (the "Redemption Date") all of the outstanding Bonds at a redemption price of 100.75% of the principal amount thereof (the "Redemption Price").

The Bonds shall become due and payable on the Redemption Date at the Redemption Price which shall be paid upon presentation and surrender of the Bonds together with all coupons thereto appertaining maturing after the Redemption Date at the offices of the paying agents listed below. The coupons for interest due on or before June 1, 1986 should be detached and should be collected in the usual manner.

The Bonds will no longer be outstanding after the Redemption Date and interest on the Bonds will cease to accrue from and after the Redemption Date and the coupons for such interest shall be void.

Payments at the office of any paying agents outside the United States will be made by United States dollar check drawn on, or transfer to a United States dollar account with, a bank in the Borough of Manhattan, City and State of New York. Any payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if payees not recognized as exempt recipients fail to provide the paying agent with an executed IRS Form W-8, certifying under penalties of perjury that the payee is not a United States person, or an executed IRS Form W-9, certifying under penalties of perjury the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number of IRS Form W-9 and who fail to do so may also be subject to a penalty of $50. Please therefore provide the appropriate certification when presenting your securities for payment.

PAYING AGENTS

Morgan Guaranty Trust Company of New York
P.O. 161
Morgan House, 1 Angel Court
London EC2R 7AE, England

Morgan Guaranty Trust Company of New York
14 Place Vendôme
75001 Paris, France

Union Bank of Switzerland
Bahnhofstrasse 45
8021 Zurich, Switzerland

Union Bank of Switzerland (Luxembourg) S.A.
36-38 Grand Rue
Luxembourg, Luxembourg

Kredietbank S.A. Luxembourgeoise
43 Boulevard Royal
Luxembourg, Luxembourg

Morgan Guaranty Trust Company of New York
Avenues des Arts 35
B-1040 Brussels, Belgium

Morgan Guaranty Trust Company of New York
Mainzer Landstrasse 46
6000 Frankfurt-am-Main
West Germany

Den Danske Bank af 1871 Aktieselskab
12 Holmens Kanal
1092 Copenhagen K., Denmark

R. Henriques, Jr.
Nikolaj Plads 2
1067 Copenhagen K., Denmark

Privatbanken A/S
Børsgade 4,
1249 Copenhagen K., Denmark

Copenhagen Handelsbank
2 Holmens Kanal,
1091 Copenhagen K., Denmark

KINGDOM OF DENMARK
By: Morgan Guaranty Trust Company
OF NEW YORK, Principal Paying Agent

May 2, 1986

NOTICE OF REDEMPTION TO HOLDERS OF

BANQUE NATIONALE DE PARIS

Kuwaiti Dinars 10,000,000

7¾ per cent. Bonds Due 1989

Fifth Mandatory Redemption Due 15th June, 1986, Of Kuwaiti Dinars 1,500,000

NOTICE IS HEREBY GIVEN that, pursuant to condition 5 (A) of the above mentioned Bonds, Kuwait Investment Company (S.A.K.), as Fiscal Agent, has drawn by lot, for redemption on 15th June, 1986, at 100% of the principal amount thereof, through operation of the Sinking Fund, *Kuwaiti Dinars 1,500,000 principal amount of said 7¾% Bonds* due 15th June, 1989, bearing the following distinctive numbers:

00369-00431	04018-04080	07505-07567
00703-00765	04303-04365	07799-07861
01001-01063	04719-04781	08012-08074
02427-02489	05081-05143	08367-08429
02816-02878	05537-05599	08646-08708
03012-03074	05778-05840	09223-09285
03448-03510	05981-06043	09594-09656
03664-03726	06335-06397	09911-09961

The Bonds specified above will become due and payable in Kuwaiti Dinars at the offices of Kuwait Investment Company (S.A.K.), Mubarak Al-Kabir Street, Kuwait City, State of Kuwait, or, at the option of the bearer, but subject to applicable laws and regulations, at *Citibank, N.A., 336 Strand, London* WC2R 1HB, and at Banque Nationale de Paris (Luxembourg) S.A., 24 Boulevard Royal, Luxembourg, by cheque drawn on a Kuwaiti Dinar account, with, or by a transfer to a Kuwaiti Dinar account maintained by the payee with, a bank in Kuwait. *From, and after 15th June, 1986, interest on the above mentioned Bonds will* cease to accrue.

Bonds should be surrendered for payment together with all unmatured coupons appertaining thereto, failing which the face value of the missing unmatured coupons will be deducted from the principal amount.

The aggregate principal amount of Bonds remaining outstanding after 15th June, 1986, will be Kuwaiti Dinars 5,000,000.

KUWAIT INVESTMENT COMPANY (S.A.K.) on behalf of
BANQUE NATIONALE DE PARIS

Dated: 2nd May, 1986

Wellcome limits dollar damage

BY TONY JACKSON

Wellcome, the rocently-floated drug company, has produced better than expected results in its first set of interim figures as o puhlic company. Pre-tax profits in the six months to March fell by 9.8 per cent, to £64.2m. The market, which had been expecting moro damage from the weaknass of the dollar, marked the shares down by only 2p to close at 188p.

Mr Alfred Shepperd, chairman of Wellcome, said the dollor rate had moved against the group by 19 per cent, from $1.16 to $1.43, since the first half of the provious year. Currency movements hod cost the group £78m in sales and £20m in profit hy comparison with the year before. Turnover fell from £507.3m to £497.6m.

Mr Shepperd said that on e comparable exchange rate basis, and pre-tax profits by 26 per sales were up by 18 per cent cent. US sales in human bealthcara were up 17 per cent In dollar terms, and there was also substantial growth in Continental Europe and Jepan. The UK, however, showed only a 4 per cent rise in sales as a result of difficult trading conditions.

Increased sales were due mainly to substantial gains hy the herpes drug Zovirax, good growth by the muscle relaxant Trecium and some US growth in Wellcovorin, the cancer treatment. Despite some price erosion in more meture products and an increase in research and development—12.5 per cent of turnover, et £62.3m for the half year, against 11.6 per cent the previous half—underlying margins had improved.

Cooper's Animal Health, the joint venture with ICI, made a trading loss of around £1m, besides incurring start-up costs of £0.4m (1985, £2.8m). Mr Shepperd said "the whole farming industry is in some distress. I'd like to see some profits from that husiness end falling that I don't yet know what we'll do." He said Coopers had been hit by the difficulties of sheep farming in New Zealand and dairy farming in the US and Brazil.

The UK drugs husiness suffered from the fact that it had not had a price increase for two years, Mr Shepperd said. However, the introduction of the NHS limited list last April had not heen as damaging as expected. Wellcome hed expected to lose £9m of sales on its Actifed cough mixture, but TV advertising had made good some of the shortfall. "Delisting didn't hurt as mucb as expected, hut it atill hurt," Mr Shepperd said.

Nothing much was expected from the UK market in the second half, Mr Shepperd said. As e result, almost all the uoderlying growth in profit this year would he exnosed to exchange rate volatility.

After texation of £34.7m (£38.5m), earnings per share were down 9.5 per cent at 3.8p.

See Lex

Dalepak coming to market valued at £12m

BY RICHARD TOMKINS

Dalepak Foods, Britain's biggest supplier of frozen grillsteaks, is coming to the market through an offer for sale of 4.7m shares et 107p a share, giving it a value of £11.9m.

Grillsteaks are mede out of meat whicb has been processed by flaking, blending and forming to improve its eeting characteristics. Dalepak is brand leader in the market with products such as Dalesteaks, Quicksteaks, Steaklettes and Ribsteaks, and it also supplies own-label grillsteaks to retailing chains.

The business was started by three of the directors, Mr Jonathan Ropner, Mr Micbael Hughes and Mr Frank Carr, in 1976. It set out to make a product like meat but with easier preparation, consistent quality and no waste, and became one of the first companies in Britain to make what has become known as tha grillsteak.

Its products are now widely advertised on television outside London and are sold through most hig supermarket and freezer centre chain stores.

The grillsteak market bas grown rapidly in recent years with estimated retail sales values rising from £3m in 1980 to £67m in 1985. Dalepak claims market leedership with 30 per cent of sales compared with 21 per cent for Bird's Eye and 11 per cent for Ross.

Profits have risen from £77,000 in 1980 to an estimated £990,000 for the yaar to the end of last month on sales up from £2m to an estimated £14.8m. There was an interruption to profits growth in 1983 which the company says was due to a heavy increase in advertising costs.

Of the shares heing sold, some 2.1m oro coming from existing shareholders and 2.6m from the company, raising £2.2m net to cut short-term horrowings and accelerate the development of new product ranges.

The offer is sponsored hy Kleinwort Benson and brokers to the issue are De Zoete & Bevan.

● **comment**

The market for grillsteoks has risen by about 30 per ceot a year over the last four years and Dalepak's profits have risen with it, apart from 1983 when advertising costs rose to fight off the intrusion from Bird'a Eye and Ross. That rate mnst by now be sbowing signs of flagging so Dalepak hes turned to one of the other higgest growth areas—ready meals—to sustain the momentum. If the volumes come through at a level high enongh to keep the new faetory busy at least £1.5m must be in sight for tbe current year, putting the shares on a prospective p/e of 12 after a 35 per cent tax charge. This is a mucb more modest ratiog than many a small food processor bas come to the market on in the past and puts Dalepak hang in line with the sector. With plenty of scope for growth in the next couple of years — and beyood if it sufficiently innovative in product development—the offer should hring a warm respoose, although a compaoy of this size on the main market is rarely going to set the world alight.

Clarke Nickolls falls to £0.5m

Clarke, Nickolls and Coombs, property investor and developer, has reported a reduction in pretax profits from £660,120 to £471,758 for 1985.

Mr D. Mathieson, the ehairman, says two fectors exceptionally affected the figures: the sale of its 50 per cent interest in Tom Smith, a Christmas cracker maker, and the move to new offices in Berkshire.

The figures for 1984 have been restated following a change in accounting policy to capitalise interest on work in progress.

Althougb net earnings are shown down from 6.8p to 5.2p per ahare, the directors are bolding the dividend at 6.3p for the year, with an unchanged 4.2p final.

The chairman says that 1985 was a frustrating year with high interest rates — amounting to £523,742 against £233,778—the loss of a letting and the delay of o sale. But the opportunities are there for the future, he adds.

Turnover for the year improved from £1.35m to £4.32m, with the sale of land and buildings contributing a significantly higher £3.07m (£341,509) and gross rents received up from £1.01m to £1.25m.

Mr Mathieson states that the softening of the investment market and, until recently, higb interest rates, have meant that returns on development activity have been minimal. Steps are being taken, he says, to eosure the rate of return on the company's own activity is increased.

Lower interest rates mean the company can investigate cheaper mortgages for the investment portfolio

Flogas to raise £2.9m

Flogas, the Irish liquid gas distribution company, announced yesterday plans to raise £2.9m througb a placing of shares at 160p to eliminate borrowings and to lay a bese for future expansion.

In the past year the company bas invested heavily in the UK and in Ireland, and the directora expect that this investment will show in a strong rise in profits for the current year.

The placing is being arranged by DDC Corporation.

Bullish defence from Pegler

By Lionel Barber

Pegler-Hattersley, the valves to bathroom taps manufacturer fighting a £175m hostile bid from F. H. Tomkins, the acquisitive industrial holding company, yesterday estimated a 19.3 per cent pre-tax profit rise for the year ending last March.

Pegler also proposed a 37.9 per cent rise in total dividends for 1985-86 to 20p net per share.

In a vigorous defence document sent to shareholders yesterday, Pegler said it expected group profits before tax to be £21.6m and trading profits to amount to £16.2m, an increase of 57 per cent on the previous year.

Tomkins, advised by County Bank, is offering 13 of its shares for every seven Pegler shares. On the basis of Tomkins closing price of 328p, up 2p, the offer is worth 609p for each Pegler share. Pegler closed at 618p, up 25p.

There is o cash alternative offer of 529.3p per share. Mr Greg Hutchings, Tomkins' chief executive, said that Tomkins' share and convertible offer valued Pegler at 618p.

Mr Hutchings said that Pegler's interim figures had shown a fall in pre-tax profits from £8.37m to £8.2m. He said it was important to look at Pegler's long-term record over the past 10 years which amounted to a 1 per cent compound growth rate and a near 50 per cent real decline in earnings per share.

Sir Peter Matthews, Pegler chairman, however, said that the figures for 1985/86 showed a "planned profits breakthrough." The increase in trading profits more than compensated for a significant decline in Pegler's South African associate.

Turning to the Tomkins' bid, Sir Peter said it was inadequate and illogical. The offer represented a historic price earnings multiple of only 11.7 times and would lead to Pegler shareholders contributing 76 per cent of combined earnings in return for only 59 per cent of the enlarged share capital.

Sir Peter also criticised Tomkins' claims of superior management. "We have not been able to find any evidence for this remarkable assertion. Tomkins' executive directors have a limited track record of running Tomkins own businesses," he said, pointing out that Mr Hutchings had held his post for only two years.

Pegler, advised by S. G. Warburg, also announced senior management changes. Mr Eric Swainson, currently managing director of IMI, the engineering company, is to join the Pegler board next month as deputy chairman and will replace Sir Peter in July 1987. Mr Tony Wheeler, at present managing director of the valve division, has been nominated group managing director-designate

Brokerage strength lifts Minet profits to £30m

Minet Holdings, the Lloyd's and general underwriter, lifted taxable profits by 29 per cent to £30.01m in 1985, with its mainstream brokerage operations producing nearly all the increase.

The result, which was much as the City had expected, would have been £3m higher but for exchange rate fluctuations, and there was also an exceptional write-off of £3.1m for irrecoverable items which the company has identified within the insurance ledgers. Last time these totalled £2.45m.

The second half of the year witnessed something of a slowdown in the company's rate of growth—at halfway pre-tax profits were 43 per cent ahead at £18.44m.

The figures announced yesterday contain no contribution from the former Richard Beckett Underwriting Agencies. Mr Raymond Pettitt, the Minet chairman, says that the orderly rundown of this business was completed by the year end and the company is no longer trading.

The company continues to receive firm legal advice that it has no liability in the PCW affair, and "will vigorously defend ony suit brought against it," says the chairman.

Last time there was a £9.3m extraordinary provision mostly in respect of RBUA, and Minet still considers that this is adequate. There are no below the line charges for the 12 months to December 31 1985.

The dividend for that period is raised by more than 28 per cent with a final of 4.57p per share (3.5p) bringing the total to 8p (6.23p). Earnings per share come out at 20.96p (15.21p).

Total group turnover rose from £76.49m to £86.25m, producing a trading profit of £17.61m (£10.85m). Other income added £12.38m (£12m), and associates contributed slightly less at £2.46m (£2.82m).

Broking operations accounted for £26.85m of the taxable profit, up from £19.76m, after expenses of £65.19m (£60.6m). Brokerage itself lifted profits by £10m to £77.98m, while net investment income and interest made £11.72m (£10.44m).

Profits from the underwriting company fell by more than £1m to £2.03m, but Lloyd's operations saw a much higher return of £1.14m against £492,000, with agency income less expenses up from £428,000 to £1.08m.

Tha tax charge for tha year is £13.62m against £11.1m, and the dividend will occount for £6.2m (£4.82m), leaving a retained profit of £10.02m compared with a £1.83m loss.

On prospects, the chairman says that tha 1986 results will reflect the group's ability to cope with the [illegible] presented by the [illegible] changes in the key insurance markets of the world.

● **comment**

Minet must be [illegible] relieved that investors did not take offence at [illegible]. Against the background of a falling market, the [illegible] £3m exceptional [illegible] was glossed over, and Minet's shares closed more or less unchanged at 252p. Apparently the market views the insurance problems as genuinely exceptional, and has chosen to be cheered by Minet's encouraging trading performance instead. The underlying broking growth of about a third is far better than the sector average, partly due to its strength in professional indemnity insurance where rates have risen by about 300 per cent. As for other brokers, the current year looks less promising, with further shortages of capacity expected and with exchange and interest rates both moving in the wrong direction. If Minet can achieve pre-tax profits of £36m the ahares would doubtless look cheap on a p/e of about 9.5, were it not for the PCW affair, which could cost Minet so much as to make a rights issue unavoidable.

Cadbury chief forecasts a better year

Sir Adrian Cadbury, chairman of Cadbury Schweppes, tha confectionery and drinks group, told shareholders at yesterday's AGM that current sales were above last year's figures and targets and he forecast a marked improvement in group performance in 1986.

Cadbury reported a 25 per cent drop in pre-tax profits to £93.3m for the year ending last December. The group partly hlamed advarse currency movements and Sir Adrian warned yesterday that the strengthening of sterling against the dollar was likely to affect results in 1986.

Commenting on bid rumours for Cadhury, Sir Adrian said: "It is clear that size alone is no protection. But we have to concentrate on the joh and not look over our shoulders."

Whittington Eng passes final

Whittington Engineering Company, Chesterfield-based metal fabricator, reported taxable profits of £99,000 on turnover of £999,000 for the 10 mooths to the end of January compared with £100,000 on £1.43m for the previous year.

Earnings per share were 10.63p (9.48p). There is no final payment making the interim dividend the total of 1.4p against 4.4p. Tbe directors hope to return to paying two dividends a year starting with the current interim.

Operating profits were £95,000 (£89,000)

Daks Simpson improves to £1.6m at six months

WITH ALL but the rainwear side showing improvements Daks Simpson Group was eble to lift its profits from £1.25m to £1.55m pre-tax in the opening half year.

In view of the results and the outlook for the remainder of the year the directors are increasing the interim dividend from 1.5p to 1.75p net—earnings emerged 3.42p higher at 14.63p.

They say that despite a noticeable reduction in the number of tourists visiting London, the speciality store, Simpson Piccadilly, still showed a gain on the previous year's results.

Turnover for the six months to Janmary 31 1986 pushed ahead from £19.49m to £23.91m with all divisions showing improvements — the group, formerly S. Simpson, manufactures and markets men's and women'a clothing.

Tax accounted for £620,000 (£538,000) and left net profits £217,000 abead at £931,000.

The year to July 31 1985 saw turnover rise from £32.95m to £39.94m and profits at the pretax level from £1.47m to £2.54m.

DRAYTON CONSOLIDATED Trust raised net asset value by 63.75p to 444.5p in the six months to Marcb 31 1986. Net revenue for balf-year amounted to £1.49m (£1.45m) after tax of £614,000 (£743,000). Earnings totalled 4.27p (4.15p) fully diluted. Interim dividend is 2.75p (2.5p) net.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Aberdeen Constr	5.7	July 12	5.05	8	7.25
Bellway ......int	3	July 4	3	—	7
British Inv Tst	8.6	July 4	8	15.2	14.2
Clarke, Nickolls	4.2	July 1	4.2	6.3	6.3
Daks Simpson ......int	1.75	June 27	1.5	—	5.75
Drayton Cons Tst ...int	2.75	—	2.5	—	10
Ecobric	0.25‡	—	nil	0.25	nil
Fleming Far East	0.8	—	0.83*	1	1*
Highcroft Inv	1.25	July 3	1.15	2.15	1.95
Keystone Inv ......int	4	June 9	4	—	10¶
FJC Lilley	2.56	June 6	2.44	3.82	3.64
Minet	4.57	—	3.5	8	6.23
MMT Computing ...int	1.8‡	July 9	1.2	—	4
Torday & Carlisle	2.4§	—	2	4	3.5
Triefus	0.05	June 16	0.05	0.05	0.05
Wemyss Inv ......int	8	July 2	8	—	22
Whittington Eng	nil	—	3	1.4	4.4

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock. ¶ Eleven m onths to Sept 1985.

UK COMPANY NEWS

Associated Heat agrees to £39m French takeover bid

BY CHARLES BATCHELOR

Compagnie Generale de Chauffe (CGC), a French energy management group, yesterday acquired control of Associated Heat Services, a British company active in the same area, shortly after announcing a £39.2m agreed cash takeover bid.

CGC, which already held a 35.9 per cent stake in AHS, went into the market yesterday and bought a further 14.1 per cent holding at 500p per share, taking its total stake to slightly more than 50 per cent.

The French company was joint founder of AHS together with the National Coal Board and Solar Industries, when it was set up in 1966.

Alone among the founding shareholders CGS had retained a stake in AHS which obtained a London stock market listing in May 1982.

The takeover bid, which was foreshadowed by a statement on April 23 that the CGC had made an approach, is one of the rare examples of a Continental company bidding for a UK public company.

CGC, which is 80 per cent-owned by Compagnie Generale des Eaux, a publicly-listed French water utility, made a pre-tax profit of £9.3m on turnover of £247.3m in the year ended June 1985.

It operates district heating schemes in a number of French cities as well as supplying heating and energy management services to several hundred hospitals. It has expanded into air conditioning, waste recycling, electrical installation, lifts, and the supply of hot water and steam.

District heating schemes are far less popular in the UK, where homes tend to have their own central heating systems, than on the Continent where a large number of flats makes this a more economical way of providing heating.

For this reason AHS has specialised in commercial and industrial heat management, though it has a district heating scheme in Nottingham. It was badly hit by the 1984 UK miners' strike but recovered in the first half of the year ended March 1986, when it made a pre-tax profit of £1.71m on turnover of £20m.

CGC is offering 490p cash for every AHS share. AHS's shares rose 47p to 487p yesterday.

Shareholders will also receive a second interim dividend of 10p, making 14p for the year ended March 1986 if the bid succeeds. They may opt to receive a loan note alternative for all or part of the cash offer.

Mr Bill Withycombe, managing director of AHS, said: "We have had friendly relations with CGC for 20 years. We are comfortable with this arrangement."

CGC is being advised by Morgan Grenfell and Dillon, Read, the US-Belgian owned investment bank, while AHS is advised by S. G. Warburg.

FII paying £27m for Fyffes

BY CHARLES BATCHELOR

FII, the USM-listed Irish importer and distributor of fresh fruit and vegetables, is paying £26.5m in shares and cash for Fyffes Group, the UK fruit distributor best-known for its banana imports.

This deal will more than double the size of FII, which obtained a USM listing in May 1981.

Fyffes, a wholly-owned subsidiary of United Brands, the US foods group, made a pre-tax profit of £2.9m on turnover of £130.9m in 1985. It had net assets, excluding certain shipping interests, of £10.8m.

FII said the purchase met its aim of expanding into additional markets. It would benefit from greater purchasing power and economies of scale.

Fyffes employs 1,100 people and has 32 depots in the UK, 24 of which have banana ripening facilities.

FII made a pre-tax profit of IR£2m (£1.6m) on sales of IR£81.9m in the year ended October 1985. It had net assets of IR£9.7m and employs 500 people.

The Irish group is to pay £5m by the issue of ordinary shares to United Brands; £6.5m by the issue of 7.5 per cent £1 convertible preference shares to United; and £15m in cash, to be partly funded by a vendor placing.

Two United representatives will be asked to join the FII board.

FII has been advised by Citicorp Investment Bank and DCC Corporate Finance.

Blue Circle sells Sandtex

Blue Circle Industries is selling its Sandtex decorative products subsidiary to Akzo, the Dutch chemicals, fibres and coatings group, for an undisclosed sum.

It is Akzo's second recent British acquisition. In November it paid £16m for Bluebell-Permoglaze, the loss-making paints group.

Sandtex, best known for its exterior masonry paint, had 1985 sales of about £20m, and employs 250 people. It is based at Beddington, near Croydon.

Blue Circle decided to sell because Sandtex was not one of its core activities, while the UK paint market had become increasingly dominated by large specialist companies.

Akzo Coatings, the paint division of Akzo, had 1985 sales of £540m and employs 10,480 people. Completion of the Sandtex purchase is expected by the end of this month.

Wedgwood rejects

Sir Arthur Bryan, chairman of Wedgwood, yesterday repeated his advice to shareholders not to sell their shares in the face of the £149m bid launched last Monday by London International Group.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interim: Prestwick.

Finals: Edmond, Hollis, Liberty, Nu-Swift Industries, Ovenstone Investments.

FUTURE DATES

Interims—

Bass	May 21
China & Eastern Investment	May 14
G&C Capital	May 13
Govett Atlantic Invest Trust	May 6
United Spring & Steel	May 8

Finals—

Feedex Agricultural Industries	May 7
Govett Enterprise Invest Trust	May 6
Monks Invest Trust	May 27
Pilkington	June 11
Tomkinsons	May 19
Yorklyde	May 15

BASE LENDING RATES

ABN Bank	10½%
Allied Dunbar & Co	10½%
Allied Irish Bank	10½%
American Express Bk.	10½%
Amro Bank	10½%
Henry Ansbacher	10½%
Associates Cap Corp.	11 %
Banco de Bilbao	10½%
Bank Hapoalim	10½%
Bank Leumi (UK)	10½%
Bank Credit & Comm	10½%
Bank of Cyprus	10½%
Bank of Ireland	10½%
Bank of India	10½%
Bank of Scotland	10½%
Banque Belge Ltd	10½%
Barclays Bank	10½%
Beneficial Trust Ltd	12 %
Brit Bank of Mid East	10½%
■ Brown Shipley	10½%
CL Bank Nederland	10½%
Canada Permanent	10½%
Cayzer Ltd	10½%
Cedar Holdings	12 %
■ Charterhouse Japhet	10½%
Citibank NA	10½%
Citibank Savings	¶10.75%
City Merchants Bank	10½%
Clydesdale Bank	10½%
C. E. Coates & Co Ltd	12 %
Comm Bk N East	10½%
Consolidated Credits	10½%
Continental Trust Ltd	10½%
Co-operative Bank	*10½%
The Cyprus Popular Bk	10½%
Duncan Lawrie	10½%
E. T. Trust	11½%
Exeter Trust Ltd	11 %
Financial & Gen Sec	10½%
First Nat Fin Corp	11½%
First Nat Sec Ltd	11½%
■ Robert Fleming & Co	10½%
Robert Fraser & Ptrs	11½%
Grindlays Bank	‡10½%
■ Guinness Mahon	10½%
■ Hambros Bank	10½%
Heritable & Gen Trust	10½%
■ Hill Samuel	§10½%
C. Hoare & Co	10½%
Hongkong & Shanghai	10½%
Johnson Matthey	10½%
Knowsley & Co Ltd	11 %
Lloyds Bank	10½%
Edward Manson & Co	11½%
Meghraj & Sons Ltd	10½%
Midland Bank	10½%
■ Morgan Grenfell	10½%
Mount Credit Corp Ltd	10½%
National Bk of Kuwait	10½%
National Girobank	10½%
National Westminster	10½%
Northern Bank Ltd	10½%
Norwich Gen Trust	10½%
PK Finans Intnl (UK)	12 %
Provincial Trust Ltd	11½%
R. Raphael & Sons	10½%
Roxburgh Guaranty	11 %
Royal Bank of Scotland	10½%
Royal Trust Co Canada	10½%
Standard Chartered	10½%
Trustee Savings Bank	10½%
United Bank of Kuwait	10½%
United Mizrahi Bank	10½%
Westpac Banking Corp	10½%
Whiteaway Laidlaw	11 %
Yorkshire Bank	10½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6.38%. 1-month 6.69%. Top Tier—£25,000+ at 3 months notice 9.72%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 6¾% gross.
¶ Mortgage base rate.
§ Demand dep. 6.35%. Mortgage 11%.

Gregory Secs sells most of Glanfield stake

Gregory Securities, the investment company which in January 1985 acquired control of Glanfield Lawrence, the North London motor dealer, after a complex takeover battle, has sold most of its holding. The present board of Glanfield is to resign.

Gregory, headed by Mr Jim Gregory, chairman of Queens Park Rangers Football Club, has sold a 66.12 per cent holding in Glanfield to clients of stockbrokers Anderson and Co. The Gregory family is retaining a 9.45 per cent stake.

As a result five groups, including British Car Auctions have acquired disclosable holdings. BCA, Pacific Investment, Lancaster Gate Finance and HRW Estates have each bought 9.45 per cent while Sturgis Commercial has a 5.2 per cent stake.

A general offer of 70½p per share will be made to the remaining shareholders.

A new board will take over, comprising Mr H. R. Holland, a senior executive of BCA, Mr M. J. Sturgis, senior partner of Sturgis and Sons, estate agents, The Marquis of Reading, a management consultant, and Mr N. J. T. Munro, chief executive of Abbey Lubcock.

Gregory won control of Glanfield after a bitter bid battle

Brickhouse shares rise on bid statement

Brickhouse Dudley, the West Midlands engineering group specialising in pipelines and underground drainage systems, yesterday said it had received a bid approach.

Its shares jumped on the news to 130p, up 18p on the day, and valuing the company at about £20m.

For the year ended March 1985, Brickhouse reported pre-tax profits of £1.7m on £37m turnover, almost double the previous year's profits. For the next six months, it produced pre-tax profits of £864,000 (£765,000) on £19.65m turnover.

Country Gentlemen's

Shareholders in the Country Gentlemen's Association (CGA) yesterday received a twin barrel of publicity recommending the £7.8m bid from Fredericks Place Group, the financial services company, and urging them not to accept a rival takeover bid from Bestwood, the investment group.

Fredericks Place, formerly Hill Woolgar, said its share offer for CGA was worth £10.625 per share.

Mr Peter Earle, CGA chairman, said his board, advised by Kleinwort Benson, were unanimously advising Fredericks' full cash alternative of £8.75. He pointed out that Bestwood, which holds 33.5 per cent of CGA, was providing a cash and shares alternative of only £8.25

LADBROKE INDEX
1,373-1,379 (−15)
Based on FT Index
Tel: 01-427 4411

Martin Dickson looks at STC's restructuring ahead of today's AGM

Still a mixed mouthful for a predator

TWELVE MONTHS ago when Sir Kenneth Corfield, the then chairman of STC, the telecommunications and computer group, addressed the annual meeting he said 1985 would be a year of consolidation and the longer-term outlook was highly encouraging.

Three months later STC was in the throes of a grave financial crisis and he was ousted in a boardroom coup.

Lord Keith of Castleacre, prime architect of that coup and the man who has temporarily taken over the chairmanship, is likely to be rather more circumspect in his remarks today to STC's 1986 AGM.

Nevertheless, after eight months of internal upheaval he will be able to point to substantial progress in getting the group back on to a sounder financial footing.

There has been a major programme of cost-cutting, debt reduction and asset disposals and the strategic emphasis has switched from gradiose long-term planning to immediate profits and positive cash flow.

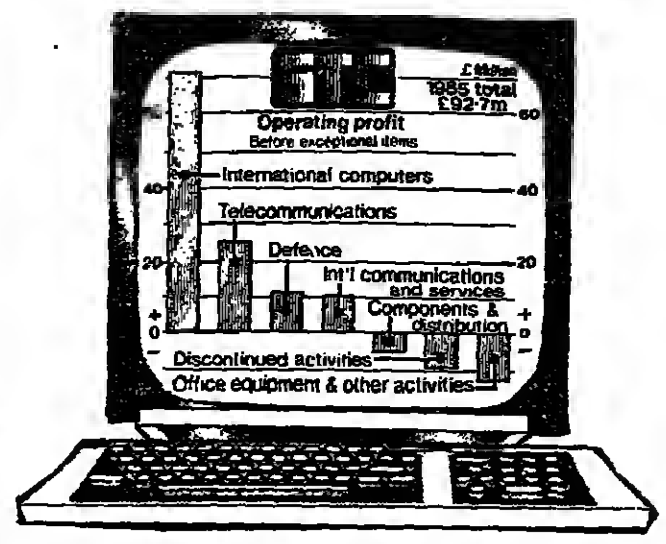
The message the company is trying to put across is that the worst is past, the corner has been turned.

That may be so. STC has done much in a short period of time to improve its financial position. But questions remain about its longer-term ability to grow its businesses, which face problems ranging from severe competition and lumpy demand to a lack of new products.

This perceived longer-term weakness is one reason why the company remains surrounded by rumours of a bid—or at least of offers for its more attractive components, since many analysts find it hard to see what company would wish to acquire STC and its difficulties en masse.

If a bidder was running its eye over the company, what would it find?

In the wake of August's coup, the company set about a reappraisal of its core businesses and brought consultants in to look at staffing levels, pay scales and financial controls.



A great deal has changed in personnel terms. Most obviously, much of the board is new, with a chief executive arriving last September in the form of Mr Arthur Walsh, formerly head of GEC-Marconi.

Over the past year the company has cut some 8,000 to 9,000 jobs—with 6,000 of those going since August—reducing total employees to 43,000.

As for identity, STC says that it is an information systems business (i.e. a computer business, through ICL, which it bought in 1984) and a transmission systems business (parts of the old STC telecommunication business) and these two areas are coming together increasingly in the market place.

There is less emphasis on peripheral businesses and the manufacture of components, which must make a reasonable return to remain part of the group. Over the past year STC has raised more than £100m from the disposal of some 18 subsidiaries.

Some £75m of that has come from the sale of various parts of IAL, the aviation-based systems and services business which STC acquired from British Airways for £60m three years ago. This week it announced the sale of the rump of the business to British Telecom for £32m.

A number of components businesses have also gone.

One major disposal is still in the pipeline. STC is negotiating to sell a majority stake in its half-completed semi-conductor plant at Foots Cray, Kent, saying it does not want to keep pouring money into such a highly cyclical industry.

In all, the disposal programme is likely to reduce group turnover by about 15 per cent, and cut that of the pre-ICL businesses by around 30 per cent.

Financially, the position looks somewhat brighter. In 1985 the group's profits before tax and exceptional charges totalled £55.5m (£149.8m in 1984) and restructuring costs turned that into a net loss of £45m. This year, latest analysts' projections suggest the company might make £105m pre-tax.

Where does all this leave the make-up of the group and its growth potential?

● ICL is now the largest part of the business, accounting last year for £1bn of STC's total turnover of £2bn. ICL's £71m of operating profits accounted for 76 per cent of the group's total, though the profits of the computer business rose only marginally on the previous year's £70.9m.

ICL has recovered well from the crisis it faced a few years ago, thanks to restructuring and cost constraints, and its new series 30 mainframe, the first fruits of co-operation with Fujitsu of Japan, has been fairly well received.

But some major questions remain over its future. The mainframe market is extremely turbulent and IBM is aggressively cutting prices. And while ICL has been boldly trying to reduce its dependence on the mainframe market by developing itself as a specialised systems house, though this strategy is not without risks.

STC says firmly that it is not for sale. But even if it was, the problems of putting computer manufacturers together means the queue of buyers might be very short.

● Telecommunications, which last year produced operating profits of £25.6m, against £56.1m the year before, supplies capital equipment, such as exchanges, and subscriber items like telex.

However, about half of sales are accounted for by TXE exchanges. Orders for these from British Telecom are expected to tail off sharply from this year, though some will continue to be in service till the end of the century. STC is no longer working on a replacement modern digital exchange.

Instead, it is putting its main emphasis on transmission systems—both long distance trunk fibre optic systems and local transmission systems, providing more sophisticated connections to end users.

● Submarine systems. STC remains a world leader in the supply of undersea communications systems—it has installed more than 50 per cent of the world's supply. But, together with IAL, this business produced operating profits last year of only £10.2m, against £28.9m the year before.

The business has an inherently lumpy profits profile because of the size and timing of orders. But while the immediate order book appears slim, STC has a strong position in the new market for fibre-optic submarine cable, and is building the world's first between Britain and Belgium. It is, in short, a business that could prove attractive to a predator.

● Defence, with operating profits last year of £11m on turnover of £91m is a new division, formed to provide the sophisticated electronics and communications systems required by the modern military machine.

However, its sales last year were flat and much will depend on the development of new products acceptable to a cost-cutting Ministry of Defence.

● Components, which lost £4.6m last year—blamed on a world-wide depression—is now moving to concentrate on several areas which use in-house technology and offer hope of a growing market. Although some recovery is expected this year, analysts say the longer term outlook remains uncertain.

STC's ultimate fate must lie in large measure in the hands of ITT of the US, its former parent, which still holds some 24 per cent of the equity.

The make-up of the business —coupled with the company's large R and D facilities—would be a very mixed mouthful for any one predator. At the same time, however, there must remain doubts whether there is a place in the international market for an independent company with a turnover of just £2bn.

UK COMPANY NEWS

Lilley up 27% in spite of competitive UK market

F. J. C. Lilley, the Glasgow-based civil engineer and building contractor, improved pre-tax profits by 27 per cent to £9.54m in the year to end January 1986, on turnover 19 per cent up at £357.41m.

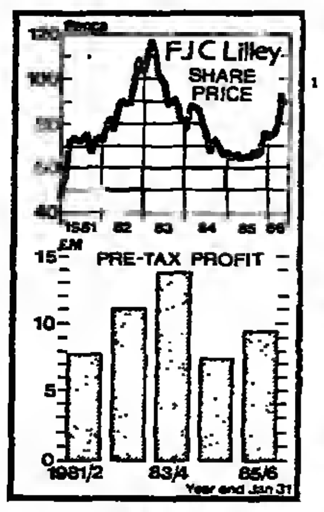
The directors say that the progress achieved during the year was the result of organic growth. Market conditions in the domestic construction industry were very competitive, but that the performance of group companies concentrating there was generally in line with expectations.

American operations showed a return to "modest profitability" in the year, while elsewhere overseas, new projects recently started or in negotiation should make a positive contribution in the future.

The company incurred losses in the property market, but exposure has been reduced.

As regards prospects, the directors say that the continuing pattern of reorganisation and consolidation has been worthwhile. The current order book is at a substantial level, but the full benefits will take time to emerge.

Growth in earnings per share —up from 7.4p to 7.73p—was restricted by a higher tax



charge for 1985/86 of £3.21m against £1.73m. The dividend is increased by 0.19p to 3.83p with a 2.56p final (2.44p).

Operating profits of £11.37m (£8.38m) were before net interest payments of £1.83m (£885,000). Minorities took £131,000 (£148,000 credit) from net profits of £6.32m (£5.77m).

● comment

The time last year Lilley was at the nadir of its fortunes. Stringent cost-cutting in this country and restructuring in the US, have hauled the company out of the doldrums, but only just. Lilley is still locked in wrangling to resolve its Alaskan and Nigerian contracts and the best the City can expect is pedestrian profits growth for the next year or so. In 1985-86 the company's recovery was dogged by the sluggish state of its main market, the UK construction industry, and the newly acquired burden of borrowings. The balance sheet should improve in the current year and, although the construction industry is still in a sluggish state, Lilley is at least redirecting its activities towards the less competitive south of the country. The US division, which was restored to profit with a contribution of £2.5m or so in 1985-86, should produce £3.5m in 1986-87. Lilley is looking towards new overseas markets for growth, yet neither of its new projects in Algeria and Egypt will filter through to profit until 1987-88. The City expects profits of £11.5m this year which, on yesterday's share price of 88p, produces a p/e of 9.5, slender even for the construction sector.

Technology Services comes to market

By Alice Rawsthorn

Technology Project Services, which places engineers and technicians within the European defence and electronics industries, has joined the stock market through a placing.

The company is the product of a management buy-out from the Greyhound Corporation's US engineering and technical placement agency, Consultants & Designers, in 1984. The buy-out was led by the current chairman, Mr Richard Avery, and managing director, Mr Michael Doubleday. Hitherto, Technology Project Services had been the European subsidiary of Consultants & Designers.

At the time of the buy-out the company was valued at £2m; after the placing it will be capitalised at £6.7m.

Technology Project Services now supplies engineers and technicians on long- and short-term contracts to European blue-chip companies including British Aerospace, GEC, ITT and Pilkington.

Until the early 1980s the company specialised in the defence industry. But round after round of defence cuts prompted it to broaden its income base by expanding into electronics and telecommunications.

Around 35 per cent of each year's profits are sourced overseas, chiefly in Italy and West Germany. In 1985 Technology Project Services produced turnover of £6.76m and pre-tax profits of £645,000.

For the future it plans to expand its overseas activities, primarily in Europe, although from July 13 it will be released from an agreement struck at the time of the buy-out not to compete against Consultants & Designers in North America.

Through its placing the company will release 1.97m shares at 41.1 per cent of its equity at a placing price of 140p a share. The brokers to the placing are Cazenove, and the bankers Schroder.

Jaguar set to match German rivals' outlay

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

Jaguar, the luxury cars group, will this year increase capital expenditure steeply to 10 per cent of net sales—the rate achieved by its West German rivals, BMW and Daimler-Benz, the Mercedes group.

Mr John Egan, Jaguar's chairman, also told the annual meeting yesterday that by the end of 1987 the company would match the 3.5 per cent of sales spent by the Germans on research and development.

This means that Jaguar's capital expenditure, which jumped from £38.1m in 1984 to £57.2m last year, will soar to about £90m in 1986.

Also research and development expenditure, last year £22.9m, will increase to about £35m by the end of next year.

Mr Egan said Jaguar could look forward to an annual unit sales growth of 10 per cent to 15 per cent for the foreseeable future.

The company's progress had continued in the first quarter of 1986. Production compared with the same months of 1985 was up by 10 per cent to 11,652 cars; sales to dealers and distributors improved by 9 per cent to 10,953 and productivity gains continued to be made.

The company's US$ hedging programme protected it to the middle of 1987 "at favourable exchange rates" against fluctuations in the currency, he added. "This gives a stable planning base for our business."

Mr Egan said Jaguar aimed to increase productivity from last year's 3.8 cars a year per employee to six cars a year by 1990.

By then annual output should be over 60,000 cars compared with last year's record 38,500 and the planned 42,000 for 1986.

Jaguar could produce well over 60,000 cars a year without additional facilities, he added. The painting and assembly lines could handle over 100,000 cars a year and the engine lines 80,000 units.

Mr Egan teased shareholders when he said the long-awaited XJ40 models, which will replace the best-selling XJ saloons, will be launched this year. But after a pause, he added: "or next year."

He warned them that profits would be "flat" in the year the XJ40 was launched. Jaguar would have to build up a stock of at least 2,000 cars for the launch — against virtually no stocks at the moment — and would face some disruption to production. It would also have to start charging depreciation for the first time on £80m of new equipment.

Helical Bar recovery boosted by property

HELICAL BAR'S increasing reliance on property development has resulted in the company reporting its first annual profits since 1981 with a pre-tax figure for the year to February 1 1986 of £488,000 against losses last time of £33,000.

The property side made profits of £588,000, against £23,000 from the more traditional area of steel reinforcement manufacture. There was however a loss by Saudi Steel Reinforcements for the second year in succession and a provision of £20,000 has been made against the investment, which now stands at £40,000.

Earnings per share came out at 3.5p, against losses last time of 4p. There is no dividend again as there is an accumulated deficit of £207,000 to be eliminated before payment can be considered, the directors say. They add, though, that the company is near to returning to the dividend list. It last made a payment in respect of 1981.

On prospects, the directors say that the scale of property operations is growing with property and site purchases in Weston-Super-Mare, Bristol, Cardiff and the City of London. They add that they are encouraged by the support from the banks and institutions.

In March Helical Reinforcements received one of the largest orders in its history. It will be a useful contribution to the present year's results.

Turnover was £7.22m, up 8 per cent from the previous year's £6.3m with trading profit of £529,000 (£67,000 loss). Last time there was £99,000 income from fixed asset investment. The pre-tax figure was struck after interest charges of £41,000 (£65,000).

Torday and Carlisle rises to £618,000

Torday and Carlisle continued its improvement through 1985 and for the year raised its profits before tax from £486,000 to £618,000.

The current year has started well.

Turnover for 1985 improved from £13.01m to £14.49m—the group's main activities are the reconditioning and supply of diesel engines, marine and industrial components and the manufacture of pressure relief and safety equipment.

Below the line there were extraordinary credits of £394,000 (£38,000).

The need to pay tax (£211,000) for the first time in two years left earnings at 16.5p (20p). A final dividend, however, of 2.4p makes a net total of 4p (3.5p).

The company's shares are traded on the market made by Granville & Company.

Allied yet to decide on Hiram Walker financing

Allied-Lyons, the food and drinks group, yesterday confirmed that it will hold a shareholders' meeting on May 27 to approve its proposed £1.2bn acquisition of the spirits and wines division of Hiram Walker Resources, the Canadian company.

However, it denied an Association Press report from Canada—carried in yesterday's Financial Times—that it would be proposing a rights issue at the meeting to finance the deal.

Allied said that it was still examining ways of financing the acquisition, and a rights issue was one possibility under consideration. It would not be able to put the full financing package to the meeting because of legal and other complications.

Since the deal was struck, Hiram Walker has been taken over by Gulf Canada, which is trying to get Allied's acquisition overturned by the courts.

Allied also said it was looking at the possibility of doing some sub-underwriting for the deal in Canada.

COMPANY NEWS IN BRIEF

TR AUSTRALIA INVESTMENT Trust's net asset value was 113.7p at February 28 1986 compared with 113.5p at August 31 1985 and 123p at February 28 1985. Stated earnings per share were up from 1.4p to 1.71p. The interim dividend is increased from 0.85p to 1p net —last year's total was 2.15p. Income in the first six months was £941,644 against £843,267. Pre-tax revenue was £761,169 against £691,790, and there was a tax charge of £255,855 (£288,188).

JESSUPS, a motor dealer and vehicle leasing specialist, raised pre-tax profits by 27 per cent from £435,000 to £554,000 in the six months to February 28 1986. Mr Alan Jessup, the chairman, is confident that progress will be maintained. Turnover rose from £23.4m to £30.28m and included the activities of Skelmersdale Motors, acquired last June. The interim dividend is stepped up to 1.5p (1.25p), and earnings per 25p share improved from 4.07p to 5.05p.

FIVE OAKS Investments, principally engaged in property development and investment, raised pre-tax profits from £109,381 to £173,755 in the six months to end-1985. After tax of £51,675 (£1,739) net profits were £122,080 (£107,642) for earnings per 5p share shown up from 1.65p to 1.82p basic, and fully diluted from 1.62p to 1.79p. The board's objective is to expand the assets base by acquisition.

FIRST CHARLOTTE Assets Trust earned a net profit of £93,000, against £104,000, in the year to end-March 1986. Net asset value per 5p share at the year-end was 12.03p (13.32p). Earnings per share were 0.07p (0.1p). The dividend is unchanged at 0.05p.

BRYSON OIL & GAS made £154,053 pre-tax, against £45,219, in 1985. Earnings per share were 2.2p (0.7p). There is no dividend, but a one-for-ten scrip issue is proposed.

BRITISH INVESTMENT Trust's net asset value totalled 565p (463p) at March 31 1986. Total revenue for the year £14.87m (£14.43m). Tax £4.71m (£4.67m). Earnings were 15.27p (14.57p) and a final dividend of 8.6p makes 15.2p (14.2p) net. The trust is a subsidiary of Black Diamonds Pensions, itself owned equally by the National Coal Board Staff Superannuation Scheme and the Mineworkers Pension Scheme.

FLEMING FAR Eastern Investment Trust reports net profits of £1.68m for the year to end-March 1986 against £1.63m for the previous year. Earnings per share were 1.04p (1.01p). Final dividend is 0.8p (0.83p adjusted) for an unchanged 1p total.

Recovery at Bellway and encouraging sales trend

Bellway, the Newcastle upon Tyne housebuilder which saw its profits decline in 1984-85 after three years of steady growth, recovered sharply in the first half of the current year and says it is encouraged by the present level of turnover.

The directors say the housing market in the south has been buoyant but that in some northern areas trading conditions have been difficult.

They point out, nonetheless, that recent reductions in interest rates, coupled with an abundance of mortgage funds, have served to rekindle interest in the new homes market in general. In all, they look to the future with increasing confidence.

Turnover for the first half (to January 31 1986) pushed ahead from a static £19.82m to £26.86m and at the pre-tax level profits recovered from a depressed £680,000 to £1.32m.

Earnings improved by 2.3p to 4.7p per share and the interim dividend is held at 3p net—a final of 4p was paid in 1984-85 from taxable profits of £3.26m

Pre-tax profits were after interest charges of £1.02m (£585,000) and included a £142,000 (nil) share of lossea of the Falmouth Shiprepair Group of Companies.

Tax rose from £258,000 to £508,000 and left net profits of £816,000, compared with a previous £422,000.

The latest housebuilding division, Bellway (North London), contributed to group profits for the first time and exceeded expectations. Plans are being pursued for further expansion.

The south east division is relocating to larger offices adjacent to the M25, near Reigate, to accommodate the present operations with room for "anticipated" growth.

The group acquired a 50 per cent interest in Falmouth in March 1985. Although the ship-repair market continues to be depressed the company's yard has secured an increased workload and the directors anticipate an improved trading situation in the current six months.

Aberdeen Construction profits fall to £4.6m

LOWER pre-tax profits of £4.63m are announced by Aberdeen Construction Group for 1985, against a previous £4.86m, after a second half improvement from £3.15m to £3.19m.

Turnover for the group, a building constructor, civil engineer and mineral extractor, increased by £5.85m to £100m. Its civil engineering subsidiary, William Tawse, incurred pre-tax losses of £38,464 compared with profits of £401,911.

An increased final dividend of 5.7p (5.05p) is being proposed, lifting the total for the year by 10 per cent to 8p (7.25p).

There was a tax credit of £615,745 (charge £2.11m). The directors say they have re-examined their capital expenditure forecasts and have identified a core of advanced capital allowances which will not reverse. Accordingly the deferred tax provision has been reduced and the tax charge for the year correspondingly restricted by £2.71m.

Minorities were little changed at £1,454 (£1,430), to leave profits np at £5.25m against £2.75m for stated esrnings per 25p share of 31.71p (16.61p). Earnings before the deferred taxation adjnstment are shown down at 15.32p.

There was an extraordinary debit nf £202,568 this time.

Triefus maintains progress

A CONTINUED recovery in the second half has feft **Triefus**, with pre-tax profits of £793,000 for 1985, compared with lossea of £214,000. Second half profits were £435,000, against losses of £19,000.

The group, which is involved in the marketing, processing and valuation of diamonds, and in engineering and contract drilling, increased turnover for the year by £537,000 to £22.51m.

The single final dividend is maintained at 0.05p, to be paid from stated earnings per share of 1.8p (losses 11.17p)

The directors state that in view of the continuing losses in Australia a programme of rationalisation and reorganisation has started and a substantial provision has been made and charged in the extraordinary items of £600,000. There was also an extraordinary credit of £618,000 (£221,000), being the profit on the sale of surplus properties.

Tax took £454,000 (£368,000), and minorities £156,000 (£176,000).

Record profits for Breakmate

In its last yeor as an independent company **Breakmate**, supplier of drink dispensers, reported a record year with pre-tax profits up from £481,000 to £736,000 for 1985 on turnover of £12.04m, against £9.1m. Since the year end Sketchley, dry cleaning group, made a successful agreed £8m hid for the company.

Earnings per 10p ahare came out at 11.73p (8.99p) and a *second interim of 2p was paid* to holders of shares on March 20 1986 making a total for the year of 3p (adjusted 2.05p).

MMT Computing 30% ahead midway

MMT Computing has enjoyed an "excellent first six months" and Mr M. J. Tilbrook, chairman, expects the full year will see the eighth successive record results.

In the six months to the end of February 1986 the USM-quoted computer systems consultancy reported pre-tax profits up by 30 per cent from £203,000 to £264,000 on turnover 23 per cent higher at £874,000 (£712,000). From earnings per 5p share of 7.5p (5.5p), the interim payment has been increased from 1.2p to 1.8p.

The higher dividend reflects the profits rise and the companies confidence in the future, the directors say. Last year there was a total payment of 4p from pre-tax profits of £432,000.

During the interim period several major orders were signed and the company is working on a full-sold basis at the moment and the workload continues to cover an attractive spread of blue chip companies, the chairman says.

MMT Computing (Reading), a 45 per cent-owned affiliate, has built on its early progress and after less than 12 months it is fully-sold and has four major clients, which, the chairman says, is most encouraging.

Ecobric returns to profit

Ecobric Holdings, the demolition and scrap metal group quoted on the USM, yesterday reported a turnround of £469,000 for a profit of £165,000 for the year ended January 31 1986.

Despite weak scrap prices, the demolition subsidiary L. E. Jones (Demolition) which failed spectacularly to demolish a block of flats in East London last November, enjoyed a successful second half's trading. It incurred a loss of £50,000 on the abortive attempt. The present workload indicates a satisfactory result for the current year.

The foundry offshoot should *continue* to progress satisfactorily, say the directors, but Multiplas, the plastic injection moulding subsidiary, remained in loss during the year. This year, however, should produce profits at an increasing rate.

Turnover for 1985/86 rose from £4.85m to £7.23m. The dividend is 0.25p—it was omitted last time—with basic earnings per share of 1.23p (loss 1.75p). The dividend will account for £20,000, leaving a retained profit of £68,000 against a loss of £1.59m.

A loss on the £765,000 sale of the group's head office, completed since the year end, will *be charged against reserves.*

The directors say that borrowings remain high, imposing restraints on growth and the ability to take advantage of available opportunities.

Highcroft ahead

Attributable profits of the **Highcroft Investment Trust** improved from £182,814 to £239,445 in 1985 and a final dividend of 1.25p raises the total by 0.2p to 2.15p net per 25p share.

Freehold and leasehold properties were revalued at £6.75m and the surplus of £690,546 over book value was transferred to revaluation reserve at year-end.

BRITISH MOHAIR has acquired *Sewing Machine Parts* of Bradford for £475,000. Book value of net assets of SMP is £266,908. And net profit after deducting all charges except tax for the year to end-March 1986 amounted to £84,259.

BANK RETURN

BANKING DEPARTMENT

	Wednesday April 30, 1986	Increase (+) or decrease (—) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	84,848,832	— 415,274,479
Bankers Deposits	762,669,384	— 85,070,226
Reserve and other Accounts	1,445,138,064	+ 86,007,561
	2,305,209,280	—414,337,144
ASSETS		
Government Securities	484,000,962	+ 45,087,173
Advance & other Accounts	923,689,450	— 119,109,833
Premises Equipment & other Secs.	891,862,163	— 340,349,790
Notes	6,378,939	+ 44,455
Coin	277,766	— 9,149
	2,305,209,280	— 414,537,144

ISSUE DEPARTMENT

LIABILITIES	£	£
Notes in circulation	12,233,621,061	+ 139,955,546
Notes in Banking Department	6,378,939	+ 44,455
	12,240,000,000	+ 140,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	1,926,436,099	+ 163,093,884
Other Securities	10,302,548,801	— 23,093,884
	12,240,000,000	+ 140,000,000

UK COMPANY NEWS

Richard Tomkins previews Mrs Fields USM entry

A tough little cookie comes to market

THE CITY is ebout to be hit hy a phenomenon called Mrs Fields.

A cookie store operator as yet litle known in Britain, the company—and the woman whose name it beers—is a great American success story. In the ninc years since ist creation, annual sales have grown from $225,000 to $73m (£47.5m), meking it the leading US reteiler of freshly-baked cookies. Trading profits last year were nearly $11m.

The Uteh-based company bes now decided to seek a stock market quotation. Instead of going to Wall Street, however, it is joining the growing sub-sector of Americen companies on London's Unlisted Securities Market: and at a value likely to he in the region of £205m, it is set to become hy fer the biggest compeny on the USM.

Mrs Fields (the women) is no sweet little old lady employed to provide a twee image for an otherwise faceleas enterprise, Mrs Debra ("Debbi") Fields is the president and chief executive of her own compeny. She is also just 29.

In 1977, the year of ber marriege to business consultant Mr Randall ("Randy") Fields, Debi was a 20-year-old Englisb and bistory student, but she told ber bushand that wbat she really wanted to do was to go into business selling freshly-haked cookies like the ones she made at home.

Randy (first name terms are de rigeur et Mrs Fields) wes sceptical, hut indulged her with a loan of $25,000 to set up a shop in Pelo Alto, Callforola, and bet ber she wouldn't take $50 in her first day. He lost.

Since then the business has mushroomed to the point where there are more then 300 stores across the US and another 16 in Australia, Caoada, Japan and Hong Koog. In January last year tbe first Mrs Fields cookie atore in tbe UK opened in the Trocadero centre near London's Piccadilly Circus.

The capital raised by the flotation will cut borrowings and provide further impetus for growth. Another 100 stores are due to open thia year and a push into Britain and other sweet-tootbed European nations is planned.

The company does not quelify for a full stock market listing because only 20 per cent of it is to be sold — half in new sbares issued by the company and half by Mr and Mrs Fields. But why choose the USM instead of the more obvious Amcrican over-the-counter market?

Mr Fields, now the company's 38-year-old cbairman and finance director, aays it is because he perceives London aa the centre of tomorrow'a international equity merket and wants Mrs Fields to be seen as an internetional group.

Nevertheless, the USM offers significant advantages over the American OTC market. Entry is quicker, cheaper aod easier, and for small eompanies the lack of quarterly reporting requirements and freedom from continual visits by abundant US financial analysts makes life less onerous.

Blue-blooded backing hes been mustered for the flotation, with Schroders as sponsors and Cazenove as brokers.

Cookies are basically sweet biscuits made from butter, flour and sugar, but are usually laced wlth other ingredients such as coconut, raisins and outs, Their most common variant, and the one that sperked tbeir popularity, is the chocolate cbip cookie, reputedly invented by accident in 1929.

The American obsession with the cookie hes led to the development of e merket worth $3bn a year. Most of this is io sales of crispy cookies bought pre-packed off supermarket sbelves, and ao intense and costly war has been waged by leading hiscuit companies for domlnance of this field.

Mrs Fields' skill, bowever, has beeo in exploiting people's nostalgia for the traditional home-baked product by selling hot cookies heked oo the spot. There are other operators in the field — the Great American Chocolate Chip Cookie Company, David'a, Famous Amos and the Original Cookie Company (owned by Rowntree Mackintosb) are the biggest — but so far the freshly-baked cookie market has been growing quickly enough to accommodate them all.

In eny case, Mrs Fields claims that its characteristic crispy-on-the-outside, gooey-on-the-inside cookie gives it an edge over the compeution. All the other operators use frozen dough, wbereas Mrs Fields' is mixed on the premises, quality control is high, and all second-rate cookiea and those left unsold after two hours are boxed and given away to cherity.

"I have never takeo a dime for a cookie I didn't consider perfect," seys Mrs Debbie Fields. She refuses to franchise like most of the otber big operators for fear of losing control over standards.

The price of this gourmet product ia correspondingly high: with the top-of-the-range cookies selling at $6.25 a pound, a single one costs twice the price of a Mars bar.

Quality bas been just one component of Mrs Fields' growth. Another is the business ecumen of ber ahrewd and innovative busband.

Mr Fields bas introduced a computerised management control system whicb constantly monitors the sales of every product at every store against projected targets. Any shortfalls are instantly picked up at headquarters io Park City, Utah, and a team of troubleshooters can be on the scene almost before the unsold cookies have had time to cool.

There is another aspect of the Mrs Field story wbich is barder to pin down. To Mrs Debbie Fields it is summed up simply in the company's somewhat cootrived motto "Good Enougb Never Is"—a striving always to do better. To the outsider the enthusiasm wilh which employees at all levels throw themselves ioto living up to the ideal appears almost fenelical: group heedquerters and the stores themselves frequently ring to the whooping, clapping and cheers which greel good news end successes.

Mrs Fields has undouhtedly been e success: but how long will It last? Mr and Mrs Fields' personalilies so dominate lhe company that it is bard to imagine It keeping up the momentum wilhout either one of them, Meenwhile competition is intensifylng, there is no seying that Europeens will enthuse aboul the cookie in the same way tbat Americans do, and in the US ltself tbe cookie could be the victim of changing tastes.

Mr Fields will have none of this. Would McDonald's disintegrate if its menegement cbanged? Is competition a serious threat if you ere the biggest and best? Are not northero Europeans some of the biggest biscult eaters on earth? As for the durability of the market: "Cookies have been around since 1929 and with a market worth $3bo a year, there's no way you can call them a fad."

Mrs Debra Fields, president and ebief executive of the leading US retailer of freshly-baked cookies

APPOINTMENTS

Pegler-Hattersley chairman designate

PEGLER-HATTERSLEY has appointed Mr Eric Swainson as deputy chairman from June 1 with the intention that he should become chairman in July 1987 upon the retirement of Sir Peter Matthews. Mr Swainson is also managing director of IMI. Mr A. B. Wheeler, divisional managing director of the valve division, has been nominated managing director designate to succeed Mr M. H. Grace when he retires on December 31.

★

HERTZ EUROPE has made Mr Joe Bournat director management information systems for the Europe Africa Middle East division. He was director of European customer accounting.

★

BBA GROUP has appointed Mr George Cartwright as managing director of Mintex Don. Mr Cartwright was previously deputy managing director and manufacturing director.

★

At THE ENGLISH TRUST GROUP Mr Michael Todhunter has been appointed managing director from June 2. Mr Christopher Spence, the present managing director, will become deputy chairman of both companies. Mr Todhunter was formerly chief executive of Alexanders Discount and chairman of Alexanders Laing & Cruickshank, members of the Mercantile House Group.

★

Mr A. W. Peers has been appointed to the main board of MASDAR (UK).

★

Mr Henry Ebden and Mr Jonathan Onyett have been appointed to the board of ASTLEY & PEARCE (STERLING).

★

At the annual meeting of the GAUGE AND TOOLMAKERS ASSOCIATION the following appointments were made: Mr P. D. Edwards succeeded Mr J. J. Harvey as president and Mr P. M. Hall was elected senior vice president. Mr K. Bearton is now junior vice president and the honorary treasurer is Mr M. J. Yates.

★

DEBENHAMS, part of The Burton Group, has appointed Mr Bob Falconer its director of stores operations. He is regional sales director, large stores. Mr Peter Hindley, assistant managing director, stores operations, has resigned and will be joining Harris Queensway.

★

Mr Timothy Cheshire, Miss Suzanne Reeves, Miss Katherine Wallace and Mr Philip Matthews have been appointed partners of WEDLAKE BELL from May 1. Mr Michael McKean has been appointed resident partner of Wedlake Bell McKean, Guernsey.

★

CIFER has appointed Mr Ellis Conway sales and marketing director. He was previously with Lynwood Scientific Developments.

★

Sir Richard Storey and Mr Robert Maxwell have been elected directors of REUTERS HOLDINGS at the annual meeting. Sir Richard has been chairman and chief executive of Portsmouth and Sunderland Newspapers since 1973. Mr Maxwell is publisher of Mirror Group Newspapers, which he acquired in July 1984. Mr Maxwell and Sir Richard replace Mr A. N. Irvine and Mr R. J. Winfrey, who are retiring from the Reuter board.

★

Mr John Day has been appointed managing director—bright bar division — of BRASWAY. Mr M. W. Swahy has joined the main board.

★

Captain Graham J. Botterill has left the Cunard Group, where he was operations director and general manager of Cunard Shipping Services, to join J. MARR AND SON, where he will be responsible principally for the running of the scientific fleet.

Changes at Courtaulds

COURTAULDS has made the following board changes: Mr R. D. Lapthorne has been appointed an executive director from May 28 and will take over responsibility for finance at main board level from that date. Mr Lapthorne joined Courtaulds in October 1983 as group financial controller after 18 years with Unilever. Mr N. H. Smith will retire from the board at the end of July, but will continue as chairman of the Courtaulds Pension Fund investment committee. Sir Graham Wilkins, a non-executive director, will be retiring from the board following the annual meeting in July. Mr Colin Corness, the chairman of Redland, has been appointed a non-executive director.

★

Mr J. G. H. Paynter has joined the partnership of CAZENOVE & CO, stockbrokers.

★

Mr D. G. H. Nicholson has been appointed chairman of the BERRY TRUST and Mr J. A. J. Berry has become a director.

★

Mr Alan J. Oldham, an assistant general manager of the EQUITY & LAW LIFE ASSURANCE SOCIETY, will retire on July 31. Mr Brian D. Emery, pensions manager, has been appointed an assistant general manager from August 1.

★

Following the acquisition of Money Marketing (Design), Mr John Allison and Mr Alan Chance (formerly directors of Money Marketing) have become directors of THE MOORGATE GROUP. Mr Philip McMian, managing director of Moorgate Puhlic Relations, has also been appointed to the main Moorgate board. Mr Allan Carey, formerly financial controller, has heen made finance director. Mr David Harris has resigned as finance director, but continues as a non-executive director.

★

Mr R. P. Cotton, distribution director, BIRDS EYE WALL'S, will retire on July 31. Mr P. R. Bushill-Matthews, sales director, has become sales and distribution director.

★

Mr Ronald Sparrow, chairman of BLAGDEN INDUSTRIES, has retired hut continues as non-executive chairman for a further year. Mr Teewyn Wilkinson, group managing director, has been appointed chief executive.

★

ECONOMIC INSURANCE CO. a member of the Hafnia Group of Copenhagen, has appointed Mr Peter Hartley general underwriting manager. He was formerly with the Continental Insurance Company UK.

★

STANDARD CHARTERED BANK has appointed Mr P. Burfoot general manager with responsibility for the Middle East and South Asia. Mr Burfoot will assnme responsibility for this region on August 1, replacing Mr N. H. Green who will be retiring from the bank at the end of July.

★

JOHN LAING CONSTRUCTION bas appointed Mr A. R. (Alan) Chaney director of finance and Mr P. J. (Peter) Spriggs assistant director of finance. Mr Chaney was chief accountant for engineering and overseas activities and Mr Spriggs bas been the financial cootroller since 1981. Mr Christopher M. Laing also joins the board on May 1. He has been director of sales aod promotions since February 1984.

★

VALIN POLLEN baa appointed Mr Dale Fishhurn as an assistant managing director (planning). He joined Valin Pollen in March 1985 and bas been responsible for the agency's research and planning unit.

★

Mr Ronald J. Horn, president of Cocoa Barry Merchants Distribution Inc, US, bas been elected president of tbe INTERNATIONAL COCOA TRADES FEDERATION for the period 1986 to 1988 to succeed Mr Hajo J. Fritze of Sopra UK.

★

Dr. Mo Ahmadzadeh has been appointed a director of RUDOLF WOLFF & CO (1985).

★

Mr T. G. E. Jackson, a director of SPONMECH, has been appointed managing director of its safety systems division, with Mr P. J. Bull as divisional works director. Mr M. S. Potter, the group chairman, also assumes responsibility for the recently formed automation division, as its managing director. Mr J. C. Webb, company secretary, becomes group finance director.

★

Mr Peter Simpson has become an associate director of LANCASHIRE & YORKSHIRE INVESTMENT MANAGEMENT.

★

Mr Michael Marsden has joined UNITY TRUST as an executive director. He was previously with Williams & Glyn's as a senior manager.

★

MARKS AND SPENCER has appointed Mr Robin Herbert as a non-executive director. He is chairman of Leopold Joseph Holdings.

★

A. F. BULGIN & CO has made the following management appointments: Mr Barry Ireland, formerly divisional works director, joins the main board as production director; and Mr David Harrington, formerly sales/marketing manager, becomes divisional director, sales and marketing.

★

Mr John S. Beer has been appointed a director of HOGG ROBINSON & GARDNER MOUNTAIN, the insurance broking subsidiary of Hogg Robinson Group. Ha is responsible for the group's non-marine reinsuranca activities and becomes managing director of Hogg Robinson (Non-marine Reinsurance Brokers).

★

Mr J. F. Moore has been appointed financial director of SECOMAK AIR PRODUCTS, a member of the Halma Group. Previously with Price Waterhonse and Gillette Industriea, Mr Moore's last position was deputy financial controller of the International Signal and Control Group.

Smith Keen board posts

Following the acquisition of Birmingham based stockbrokers Smith Keen Cutler hy Greenwell Montagu & Co (a member of tbe Midland Bank Group), the board of SMITH KEEN CUTLER & CO is: Mr N. L. Rowland (executive chairman); Mr N. A. Harrison, Mr J. D. London, Mr C. W. Melly, Mr C. P. Smith, Mr D. C. Wasdell, Mr R. B. S. Wood (executive directors); and Mr R. H. Lawsoo and E. J. Fenton (non-executive directors). Mr Lawson and Mr Fenton are both directors of Greenwell Montagu & Co. Mr Lewson la also a deputy chairman of the Council of Tha Stock Exchange. Mr J. C. Driver, Mr S. V. Glazzard, Mr D. M. Horton, Mr D. R. Pickering and Mr P. Shepheard have become associate directors of Smith Keen Cutler & Co.

صحح على الأصل

FT LAW REPORTS

Monopolies Commission can reveal confidential information

REGINA v MONOPOLIES AND MERGERS COMMISSION, EX PARTE ELDERS IXL LTD. Queen's Bench Division: Mr Justice Mann: April 29 1986.

THE Monopolies and Mergers Commission, when investigating the question whether a proposed merger between two companies would operate in the public interest, may disclose to one company confidential information provided by the other if it considers that the disclosure, though potentially harmful to one of the parties, will facilitate the performance of its investigatory function.

Mr Justice Mann so held when refusing an application by Elders IXL Ltd for judicial review of a decision by the Monopolies and Mergers Commission to disclose to Allied-Lyons plc information acquired for the purpose of the commission's investigation into a proposed merger between Elders and Allied.

Section 133 of the Fair Trading Act 1973 provides: "(1) . . . no information with respect to any particular business which has been obtained under . . . this Act . . . shall . . . be disclosed . . . without the consent of the person for the time being carrying on that business. (2) The preceding subsection does not apply to any disclosure of information which is made—(a) for the purpose of facilitating the performance of any functions of the . . . commission . . . under this Act."

HIS LORDSHIP said that Elders was a South Australian company which carried on business in brewing, agriculture, finance and international trading in 23 countries. Allied, an English company, carried on business in brewing, wines, spirits and food in England and nther countries.

Elders became interested in acquiring Allied. In October 1985, it annonced a £1.8bn cash offer fnr Allied's shares at 255p per ordinary share. Allied's board was bostile to the offer.

On October 5 the Secretary nf State for Trade and Industry referred the proposed acquisitioo to the Monopolies and Mergers Commission. He considered that the financing of the proposed acquisitinn raised issues which deserved investigation.

Under the Fair Trading Act it was the duty nf the commission to investigate and report on any question referred with respect to the possible creation of a merger situation qualifying for investigation. The duty was to investigate and report whether the contemplated arrangements would operate or might be expected to operate against the public interest.

Discharge of the duty involved the performance of an inquisitorial function. The commissinn had at the outside nine months, beginning with the date of the reference, within which to make a report. A copy was laid befnre Parliament and the Minister decided wbether the bid was to proceed.

On November 10 1985, the chairman of the commission wrote to Elders and Allied requesting the provision of exclusive information in the form of a statement.

Each company submitted a statement. Chapter 7 of Elders' statement contained new financing arrangements relating to a revised bid. Elders regarded Chapter 7 as confidential and believed that its revelation to Allied would undermine the further bid.

The necessity for confidentiality was the subject of a covering note accompanying Elders' submission. On January 7 there was a meeting of the chairman of the commission and Elders. The chairman said be wished to disclose Chapter 7 to Allied and that, if he did not, Allied might seek to have any report set aside in the courts.

At a further meeting, Elders re-emphasised the prejudice which it would suffer should Chapter 7 be revealed to Allied. It suggested that Chapter 7 should be submitted to the Bank of England for its independent advice on the financing arrangements and that questions to Allied should be formulated which would not disclose the arrangements but would enable the commission to have the benefit of Allied's views.

Elders agreed to send two draft letters and a list of suggested questions to the commission. One letter was to give reasons in full. The other was to give an expurgated version which could be disclosed to Allied. The chairman of the commission sent a copy of that letter to Allied. It replied and Elders was given an opportunity to comment.

On March 7 the chairman of the commission informed Elders and Allied that each bad had an adequate opportunity to make representations on the issue of disclosure.

The commission's decision to disclose the information was made in a letter dated March 10. That decision was the subject matter of the present proceedings.

The affidavit evidence for Elders explained that the arrangements involved nnique financing prospects which would be undermined by Allied sbould it learn of them, and that disclosure of Chapter 7 would indicate the price which it might be prepared to pay for Allied.

Mr Alexander for Elders attacked the decision nf March 10 on two grounds. First, he said, the commission was guilty of a procedural impropriety in that the decision to disclose was unfair to Elders. He said that Elders' interest in nnn-disclosure was not sufficiently taken inin account. The second ground was that disclosure would contravene section 133 (1) nf the 1973 Act and would not be justified under the exception in sectinn 133(2)(a). He did not suggest that the commission bad failed to receive representations on the issue of disclosure, nor that the decision was irrational.

Mr Littman for the commission, whose submissions were adopted by Allied, submitted that its decision was exposed to attack only on the grounds of irrationality. As no such attack was made, the decision was flawless.

It was not disputed that in the performance of its inquisitorial function the commission must act fairly to the parties concerned. By "parties concerned" was meant at least those who had a "substantial interest in the subject matter of the reference" (see section 81(1)(a)). Elders and Allied were plainly such parties. *Prima Facie*, each was entitled to be treated fairly.

Fairness was a flexible concept the content of which was dependent on context. There was no set of rules applicable to all investigative process. In particular there was no general rule that one party to an investigation should be given all of the material submitted by another party.

What was fair in relation to a particular process and in a particular situation was subject to that process was for determination by the court.

Elders' complaint was that the commission focused on fairness to Allied and sought to enable it to to make representations on the merger proposals, but did not sufficiently take account of the disproportionate harm which could be caused to Elders by revelation of the financial arrangements. Elders recognised there were compelling considerations, but asserted that the balance struck was not fair.

Had the matter rested there, the Elders case would be powerful, advanced on the basis that fairness to one party could not involve the infliction of disproportionete unfairness to the other. But the matter did not rest tbere, because the relevant considerations of fairness arose in the course of a statutory investigation as to what was or was not in tbe public interest.

The commission was of the view that it could not perform its investigatory function without knowing Allied's opioion on the arrangemeots in Chapter 7. That view was not assailed as irrational. It was expressed with a full appreciation of tbe detriment which Elders might suffer. The commission had considered whether its objective would be achieved and the detriment avoided by means of a formulation of qoestloos to Allied. It had concluded that its objective could not be so achieved.

The commission was correct in subordinating a perceived detriment to its judgment of how best to perform its statutnry functions. There was no suggestion that the subordination was irrational or was dona other than in good faith.

With regard to the arguments founded on section 133, that section was confined to confidential information, bot applied to any information obtained during a merger reference. The inhibition was absolute subject to exceptions. The question was whether the exception in subsection (2) (a) applied.

Mr Alexander submitted that satisfactien of the exception was a matter for objective determination by the court. He accepted that the commission must be allowed what be called "a margin of appreciation," bnt tha limits of that margin were determinable by tha court.

The submission was not accepted. The exception in subsection (2) (a) was not drawn at "for facilitating" but "for the purposes of facilitating." The former would require an objective examination of wbether disclosure did facilitate. The latter involved an inquiry as to what the commission had in mind.

The commission's intention was to facilitate the performanca of its functions. It was not suggested that the intention was irrational or in bad faith. It would be most unfortunate if the commission were in peril of exercises in objectivity by the court dnring the discharge of its difficult functions under the 1973 Act.

The application was dismissed.

For Elders: Robert Alexander QC, David Oliver QC and Mark Howard (Freshfields).

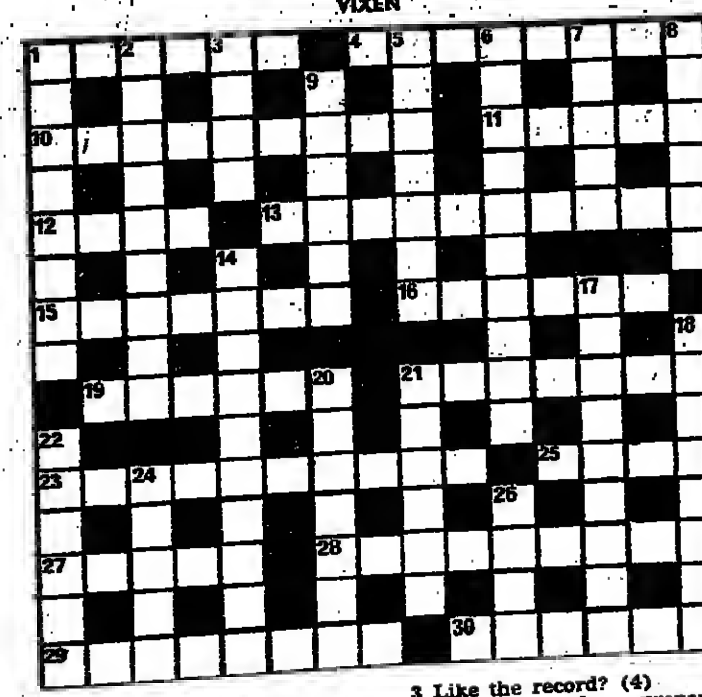
For the commission: Mork Littman QC, Jnhn Mummery and Adrian Hughes (Treasury Solicitor).

For Allied: Jnkn Swift QC and Stephen Richards (Ashurst Morris Crisp and Company).

By Rachel Davies
Barrister

FT CROSSWORD PUZZLE No 6,012

VIXEN



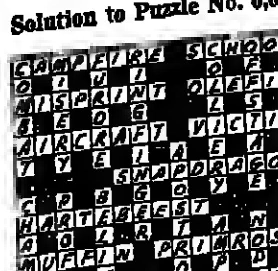
ACROSS

1 Keep many in class (6)
4 Enraged about kit getting wet (8)
10 A source of nil not safe to use (5-4)
11 Set speed the inexperienced driver must stay within (5)
12 One brought in to work havoc (4)
13 Without locks, so in an anxious state (10)
15 Minister of food-processing? (7)
16 Frames a woman involved in some craft (6)
19 A toxophilite knnwing royal characters (6)
21 Taking the B road with little hesitation—it's wider (7)
23 The South Sea Islander is lean, mean, lawless (10)
25 Grants given in town slum-clearance programmes (4)
27 Glare maybe when there's only light-bodied beer (5)
28 Possibly rue never turning brown (9)
29 Withdraws soldiers and enters into negotiations (8)
30 Recent change of heart (6)

DOWN

1 Make a reduction and it's a bargain! (6)
2 The paper-seller's rate is not subject to variation (9)
3 Like the record? (4)
5 Circulates 3 down prepared for mounting (7)
6 Mark may well nbtain permission (10)
7 Gether a large number take dope (5)
8 Improves the tip in a German town (6)
9 Making a case for sport (6)
14 A late tender (5-5)
17 The income women tend to get organised (9)
18 Coppers will hold about a quarter fnr being there (8)
20 Appreciate consideration (7)
21 This supports a conple, rigbt? (6)
22 Walker, the writer (6)
24 Here's a clne that isn't hard! (5)
26 Only some in a guest-house make complaint (4)

Solution to Puzzle No. 6,011



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUTHORISED UNIT TRUSTS & INSURANCES

Sentinel Funds Managers Ltd

Abbey Life—Continued

Aetna Life Insurance Co Ltd

Standard Life Trust Mgmt. Ltd

Stewart Ivory Unit Trust Mgrs Ltd

Sun Alliance Fund Management Ltd

Albany Life Assurance Co Ltd

Sun Life Trust Mgmt. Ltd

Allied Dunbar Assurance Plc

Swiss Life Pen. Tst. Man. Co Ltd

TSB Unit Trusts

American Life Insurance Co UK

3i Unit Trust Managers Ltd

Target Trust Mngrs. Ltd

Ambassador Life Ass. Co Ltd

Baltic Assurance Funds

Barclays Life Assur. Co Ltd

Templeton Investment Management

Thornton Management Ltd

Touche, Remnant Unit Trust Mngt Ltd

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. Co

Black Horse Life Ass. Co Ltd

Tritex Fd Mngrs. Ltd.

Tyndall Managers Ltd

British National Life Assurance Co Ltd

Canada Life Group

UK Provident Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd

Cannon Assurance Ltd

Vanguard Trust Managers Ltd

Wardley Unit Trust Managers Ltd

Chase de Vere Investments Ltd

Waverley Asset Management Ltd

City of Edinburgh Life Assurance

WestAcon Unit Trust Managers Ltd

Whittingdale Unit Trust Managers

City of Westminster Assurance

Windsor Trust Mngrs. Ltd

Wright Seligman Unit Managers Ltd

The Yorkshire General Trust

INSURANCES

AA Friendly Society

Abbey Life Assurance Co Ltd

Clerical Medical/Fidelity International

Clerical Medical/Fidelity—Cont.

Clerical Medical Managed Funds Ltd

Colonial Mutual Group

Commercial Union Group

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd

Criterion Assurance Group

Crown Financial Management Ltd

Crusader Insurance Plc

Dominion Life

Eagle Star Insurance Co Ltd

Eagle Star Insur/Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd

First Financial Services PLC

Framlington Life Insurance Ltd

Friends' Provident Life Office

CT Management Ltd

General Accident Linked Life Assurance

Assicurazioni GENERALI SpA

General Portfolio Life Ins. Plc

Gresham Unit Assurance Ltd

Growth & Sec. Life Ass. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd

Imperial Life Ass. Co of Canada

Imperial Life (UK) Ltd

Irish Life Assurance Co Plc

The LAS Group

Langham Life Assur. Co Ltd

Legal & General (Unit Assur) Ltd

Kingswood House, Kingswood, Tadworth, Surrey KT20 6EU

Legal & General Prop. Fd. Mgrs. Ltd

Liberty Life Assurance Co Ltd

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London Life—Continued

London & Manchester Group

M & G Group

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Britannia Assc. Co Ltd

NEL Pensions Ltd

National Mutual Life

National Mutual of Australasia

National Provident Institution

The Norwich Union Group

Norwich Union Insurance Group

PBR Fund Management Ltd

Pearl Assurance (Unit Funds) Ltd

Phoenix Assurance Co Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Property Equity & Life Ass. Co

Property Growth Assur Co Ltd

Property Growth Pensions & Annuities Ltd

Providence Capitol Life Assc. Co Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Provincial Life Assurance Co Ltd

Prudential Assurance Co

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd

Save & Prosper Group

Schroder Life Assurance Ltd

Scottish Amicable Investments

Scottish Equitable Life Assc. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Sentinel Life plc

Sharp (Albert E.) & Co.

هكذا من الأصل

INSURANCE, OVERSEAS & MONEY FUNDS

Skandia Life Assurance Co Ltd
Frobisher Hse, Nelson Gte, Southampton 0703 334411
Skandia Life Funds

Managed Fd	213.1	224.3		—
Equity Fd	231.1	243.4	+1.2	—
International Fd	231.8	243.9	-1.4	—
Gilt Plus Fd	178.2	187.5	+0.2	—
Property Fd	151.4	159.4	+0.1	—
Deposit Fd	151.9	162.0		—
North American Fd	119.6	125.8	-0.9	—
North European Fd	191.2	201.4	-0.9	—
Int. Recovery Fd	146.9	154.6	-0.3	—
Pacific Fd	150.6	158.5	-0.9	—
Skandia Arbuthnot Funds				
Capital Growth	122.8	129.2	+0.7	—
Eastern & Intl	114.0	120.0		—
Fin. & Prop Share	138.6	146.0	+1.5	—
International	99.1	104.3		—
Gilt & Fixed Int	115.8	121.8	-0.4	—
Equity Income	142.2	154.9	+1.2	—
High Yield	135.6	142.7	+0.3	—
Managed	142.5	150.0	-0.5	—
Preference Share	124.3	130.8	+0.8	—
Smaller Companies	134.6	141.6	+0.7	—
World Property Share	90.1	94.8	+0.8	—
Skandia Britannia Funds				
Growth Gilt	107.2	112.8	-0.1	—
Intnl. Recovery	183.6	193.1	+0.7	—
Smaller Companies	128.1	134.8	+0.3	—
National High Inc	162.5	171.0	+0.9	—
Extra Income	141.0	148.4	+0.7	—
Income and Growth	148.4	156.2	+0.8	—
Gilt	112.2	118.1		—
Pref. Shares	122.5	128.9	+0.5	—
Commodity Share	83.0	87.3	+0.9	—
Financial Securities	125.2	131.7	+0.4	—
Gold and General	67.0	70.5	+1.4	—
Intl. Leisure Man	139.8	147.1	-0.9	—
Intl. High Income	112.9	118.8	+0.1	—
Property Shares	156.1	164.3	+0.8	—
Universal Energy	57.7	60.7	+0.5	—
World Technology	83.6	87.9	-0.1	—
American Growth	117.8	123.9	-0.8	—
American Income	102.8	108.2	-0.6	—
American Small Co	92.4	97.2		—
Australian Growth	99.7	104.9	+1.1	—
European Gwth Tst	100.3	105.5	+0.4	—
European Sm. Cos	134.3	141.3	-0.7	—
Far East	101.0	106.3	+0.4	—
Hong Kong Perf	110.9	116.1	+1.2	—
International Growth	120.0	125.2	+0.8	—
Japan Performance	133.7	140.7	-0.7	—
Japan Small Co	108.2	113.8		—
UK Growth	131.7	138.6	+0.8	—
Managed	115.7	121.7	+0.2	—
Skandia Framlington Funds				
American and General	105.0	110.5	-0.5	—
American T'around	100.7	106.0	-0.6	—
Capital	154.1	162.2	+0.8	—
Convertible & Gilt	127.4	134.1	+0.6	—
European	105.7	111.3	-0.8	—
Extra Income	168.8	177.6	+0.1	—
Income	153.1	161.1	+0.8	—
Intl. Growth	101.6	106.9		—
Japan and General	121.3	127.6	+0.5	—

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Managed Fund	170.6	179.6	+0.6	—
Gilt & Fixed Int Fd	139.4	146.7		—
Equity Fund	118.2	124.4	+0.1	—

Transatlantic Life Assur Co Ltd
8 New Rd, Chatham, Kent Medway 812348

LACOP Units	£17.04	17.90	—	—

Transinternational Life Ins. Co Ltd
55-57 High Holborn, WC1V 6DU 01-831 7481

Series 2 Man Fd	265.1	279.0		—
Series 2 Equity Fd	319.2	335.9		—
Series 2 Prop Fd	272.3	286.6		—
Series 2 Fixed Int Fd	229.6	241.6		—
Series 2 Money Fd	149.6	157.4		—
Series 2 O'seas Fd	262.1	275.8		—
Tulip Invest. Fd	521.8	551.4		—
Tulip Managed Fd	362.6	381.4		—
Managed Inv. Fd. Inc	251.1	264.3		—
Managed Inv. Fd. Acc	300.3	315.9		—
Man Pen. Fd.Cap	418.1	440.0		—
Man. Pen. Fd.Acc	555.4	584.6		—

Trident Life Assurance Co Ltd
London Road, Gloucester 0452 500500

Managed	306.9	323.2	-1.2	—
Gtd. Mgd	290.7	306.1	+0.6	—
Property	316.4	333.1		—
American	241.6	254.4		—
UK Equity Fund	332.7	349.8	-1.3	—
High Yield	389.7	410.3	-2.5	—
Gilt Edged	256.9	270.5	-0.7	—
Money	229.5	235.3		—
International	242.5	255.4	-0.1	—
Fiscal	276.6	291.3	-0.9	—
Growth Cap	281.1	296.0	-0.8	—
Growth Acc	352.9	371.6	-7.0	—
Pens. Equity Acc	455.4	479.5	-2.6	—
Pens. Mngd	456.5	480.6	-1.1	—
Pens. Gilt Edged	309.7	326.1	-1.0	—
Pens Dep	255.9	269.5		—
Pens. Pty	341.0	359.9		—
Swiss Bond Fund	120.2	126.6		—
Worldwide Fund	127.5	134.3		—
Tri Inv. Bond	132.2	139.3		—
Henderson Active	133.6	140.7	-1.3	—
Perpetual Active	153.2	161.3		—
Henderson Pens	138.4	145.7		—
Perpetual Pens	170.5	179.5		—

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells 0892 41466

Life Assurance	347.0	357.7		—
Savings Narrow	172.1	177.5		—
Savings Wide	362.0	373.2		—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.68		+0.20	—

World Wide Growth Management
10a Boulevard Royal, Luxembourg

Worldwide Gth Fd	$1A 77			—

Inv. Adv: G.T. & G. Inv. Mngt Ltd, London

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$15.69			—
Dynamic Gwth Fd	$16.49			—

Zero Bond Fund Limited
PO Box 208, St Peter Port, Guernsey 0481 26268

Zero Bond Fund	$11.93	12.63		—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 21 London Wall, London EC2N 1DD 01-588 1815				
Deposit	10.72		—	3-Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fund	11.04	8.25	12.09	Mth
7-day Fund	10.91	8.15	11.94	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE 01-236 1425				
Call Fund	10.88	8.13	11.44	6-Mth
7 day Fund	10.45	7.81	11.21	6-Mth
Dollar	6.67	—	—	6-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq, Edinburgh EH2 4DF 031-225 8484				
Full Service Cur Acc	10.00	7.20	10.14	Qtr
Aitken Hume 30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	9.75	7.29	10.56	Qtr
Mm Int. Cap	9.75	7.29	10.63	Mth
Allied Arab Bank Ltd 91-101 Cannon St, London, EC4N 5AD 01-283 9111				
HIBCA	11.125	8.33	12.171	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH 01-628 8060				
Money Mkt Cheque Acc	9.70	7.25	10.56	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	9.75	7.125	10.31	Qtr
Britannia Investment Services Ltd. 74-78 Finsbury Pavement, EC2A 1JD 01-588 2777				
Cater Allen	10.00	7.48	10.8693	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH 01-248 3999				
Sterling	10.72	7.57	11.04	Mth
U S Dollar	6.25	4.67	6.72	Mth
German Mark	4.00	2.99	4.27	Mth
Swiss Francs	4.50	3.13	1.59	Mth
Japanese Yen	4.50	3.36	4.81	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-741 4941				

[illegible]

NOTES

[illegible]

TRADITIONAL OPTIONS

3-month call rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

US court orders slaughter plan curb

By Our Commodities Staff

THE latest US effort to cut excess production of milk was thrown into confusion yesterday, when a Texas district court judge ordered the Department of Agriculture to change its scheme under which dairy farmers would be paid to slaughter their cows.

In response to a request from the National Cattlemen's Association, representing beef producers, the judge granted an injunction ordering the department to specify marketing procedures limiting the total number of dairy cattle marketed for slaughter to no more than 7 per cent of the national herd.

He also said the department should take "feasible steps" to minimise the adverse effects of dairy cattle sales on beef and poultry producers. It was ordered to come up with the new rules by June.

Beef producers are concerned that a flood of cattle sales unleashed by the so-called dairy buy-out programme, which aims to make a once-and-for-all reduction in the US dairy surplus, could severely depress meat prices.

The department said yesterday that it was seeking clarification of the court injunction before deciding whether to terminate contracts with farmers who have applied to join the dairy programme. Mr Richard Lyng, the Agriculture Secretary, said he would soon announce moves to ease the impact of the scheme on meat producers.

LME recovery

BUSINESS at the London Metal Exchange is recovering in the wake of the tin crisis, according to official turnover figures. April turnover in copper and aluminium, the two most important metals, was higher than for the same month last year. Business in zinc was also up, though the figures are not strictly comparable because of a change in the contract. In silver, lead and nickel turnover was down.

However the exchange has a long way to go to make up lost ground — the turnover figures for the first four months of the year show declines in every metal except zinc.

The figures are only a limited measure of total turnover on the exchange because they cover trades between ring-dealing members but not between ring-dealers and their clients, which is much more important.

The figures in tonnes except for silver (oz) for April, with last year's in brackets were as follows: Copper higher grade 2,264,850 (2,903,050), Cathodes 3,725 (10,575), Grade A 1,123,600 (nil), STD Copper 5,700 (nil), Lead 620,150 (651,050), Zinc high grade 599,200 (41,400), Silver large 16,480,000 (53,590,000), small 4,000 (32,000), Aluminium 1,953,975 (1,831,750), Nickel 58,866 (65,538).

US traders reassess Soviet nuclear threat

BY ANDREW GOWERS IN WASHINGTON

AMERICAN COMMODITY markets dropped sharply yesterday as traders reassessed the likely damage to Soviet crops and livestock from the nuclear accident in the Ukraine.

In frantic morning trading, wheat, maize, soyabean, cotton, cattle and sugar prices shed a significant proportion of the gains they made earlier in the week, when the Chicago agricultural markets saw their biggest boom in nearly three years. Traders said the fundamental conditions of over-supply were beginning to reassert themselves, particularly in grain.

Significant additional quantities of cereals are starting to flow on to the market from this week as the government starts making payments-in-kind to farmers under its support programme.

Most analysts now believe the markets initially over-reacted to the Soviet disaster, which caused speculation that the Russians would need to boost grain imports as a result of contamination of crops in the southern Ukraine, the USSR's richest arable farming region.

The Chernobyl nuclear plant is many miles to the north of this area, and is surrounded by relatively unproductive winter wheat and sugar-beet farms—although it is in an important dairying region. But there were fears that winds would blow the fallout released by the explosion to the south, and that radioactivity might leak into the Dniepr river, which is used to irrigate the big grain areas.

Those dangers have not passed. Accu-weather, a private US weather forecasting service, said yesterday that winds were carrying the radioactive cloud to the south over the main wheat and sugar-beet areas, but it cautioned that it was still too early to tell what damage the crops would suffer.

The steep rise on the New York cotton market earlier in the week was less explicable, even if some analysts sought to attribute it to concern that Soviet farmers might plant grain instead of cotton in order to fill an anticipated food shortfall. The Soviet Union's main cotton-growing regions are in the republics of Uzbekistan and Turkmenistan, some 2,000 miles southeast of the Ukraine, and seem most unlikely to be affected by contamination.

● The Soviet Union has been on a grain buying spree in Europe over the past two weeks. According to traders, Moscow has purchased 300,000 tonnes of barley from France, 400,000 tonnes of soft wheat from West Germany and 150,000 tonnes of wheat from Denmark.

The deals follow at least one large reported US grain sale to the Soviets, and underline the USSR's return to the world market after months in which its purchases had been minimal. The Soviet Union remains by far the largest importer of grain.

Respite for UK food body

By ANDREW GOWERS

FOOD from Britain, the Government food marketing body which is in a worsening financial position, yesterday gave itself a stay of execution until the end of June in order to allow cereal farmers to decide whether to give it financial support.

The organisation, launched by Mr Peter Walker when Agricultural Minister in 1983, with a view to promoting sales of British processed foods and farm produce, had originally set the end of April as a deadline for putting together a minimum budget of £4.8m for the next financial year. If that could not be achieved, Food from Britain said at the time, its marketing activities would have to be scrapped.

The Government, which provided the start-up cash, has been putting intense pressure on the food and farming industries to contribute a share of the funds.

But Food from Britain is still well short of the total, with a number of organisations — ranging from the Milk Marketing Board through the Dairy Trade Federation to the Meat and Livestock Commission — bickering among themselves and refusing to put up funds.

The big question now is whether cereal producers will agree to provide funds themselves. Mr Simon Gourlay, new president of the National Farmers' Union, is lobbying hard for a "yes" vote in a referendum of grain farmers over the next few weeks.

In a letter to Food from Britain's governing council, which met yesterday to consider the organisation's fate, he argued that a final decision should be deferred until after the results of this poll are known, at the end of June.

The council agreed that the cereals vote was crucial for its future. It also said that at the end of June it would be considering how it should be reorganised to give supporters confidence in it, and what promotional projects it should carry out to fulfil the industry's wishes.

Mulrooney wheat pledge

CANADA'S Prime Minister, Mr Brian Mulroney, has promised to boost domestic wheat prices "higher than the artificially depressed" world levels to aid hard-bit grain farmers, reports Reuters from Ottawa.

He said he also would freeze the farmers' share of grain freight rates for the 1986-87 crop year.

In addition, all federal sales and excise taxes on diesel and gasoline fuels for farm use would be effectively removed.

"The Government is acting out of concern for western Canada," Mr Mulroney added.

Mr Mulroney promised he would "personally register our concern" about the impact that agricultural subsidy programmes of other countries were having on Canada at the upcoming summit of the main industrialised nations in Tokyo.

He said he would urge world leaders to resolve current trade disputes, rather than expand trade-distorting subsidies.

Canadian farmers are caught in a war between Europe and the US, Mr Mulroney said.

Diamond trade 'confident'

BY KENNETH MARSTON, MINING EDITOR

AFTER about five years of recession, the world market for rough (uncut) gem diamonds has regained its aplomb. It is set to catch up with the retail demand for polished goods which recovered earlier and which saw a further 3 per cent rise in sales to a new record last year.

Mr Julian Ogilvie Thompson, the chairman of South Africa's De Beers Consolidated Mines, said in London yesterday that following the turning point in the market for rough stones in 1985, trade confidence was high and the continuing improvement had led the group to expect "normal and satisfactory trading throughout the year."

A big factor in the strengthened trade demand for rough diamonds has been the policy of De Beers' Central Selling Organisation — which markets more than 80 per cent of world mine output on behalf of the group and other producers—in stockpiling the less saleable, more expensive diamonds.

Supplies of rough diamonds to the cutting and polishing trade have been reduced and restricted to the more saleable qualities. This has flushed out the big stocks of partly processed diamonds held in the cutting centres, and shortages have appeared in some of the more popular types of gems.

Consequently some restocking was reflected in last year's rise of 13 per cent in CSO sales of roughs to $1.82bn, the best since the 1980 record of $2.72bn.

CSO prices of rough stones are now about to be raised by an average 7½ per cent and De Beers hopes to reduce its $1.9bn stockpile "a bit more" this year, although the broadening demand has yet to reach the top qualities.

No resurgence has been seen of the increased offerings of good quality Russian polished gems at price discounts which shook confidence in Antwerp and other western cutting centres in 1984.

That sinking feeling in lead market

BY STEFAN WAGSTYL

OLD CAR batteries are losing their appeal for the scrap metal trade. Merchants say it is not worth their while going out of their way to collect batteries because lead prices are so weak.

It is a sign of the squeeze that the scrap or secondary lead market faces in industrialised countries. Many secondary smelting and refining plants have been losing money since lead prices fell from an average 54.6 US cents a pound in 1979 to 17.7 cents last year. In sterling, prices have tumbled from £563 a tonne to £307 a tonne over the same period.

This week on the London Metal Exchange, cash lead prices have been trading below £240 a tonne, a 10-year low.

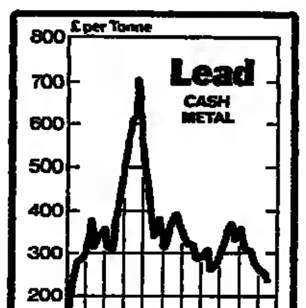
The impact of low prices has been aggravated in the US by tough environmental legislation which has raised operating costs beyond endurable for some companies. In the past three years, about 20 secondary plants have closed across the US, leaving 28. More might close after July 1 this year when a new Environmental Protection Agency rule comes into effect which will force smelters to take out costly extra insurance. Bergsoe Metals has announced that its smelter at St Helens will shut down by July.

In Europe environmental controls are less stringent. Nevertheless five out of about 50 plants have closed down since 1982. Some new smelters have been built in developing countries, but in the west secondary refining capacity has fallen in the past three years by 650,000 tonnes to 2.78m, according to the International Lead and Zinc Study Group.

The group says in a report: "It is now apparent that in many of the fully-industrialised countries the secondary lead sector is undergoing a structural change, rather than passing through a particular severe cyclical downturn."

Mr Michael Halliwell, a senior executive of Cookson Group, formerly known as Lead Industries and still one of the largest lead processing companies in Europe, puts it more bluntly: "There's excess capacity in Britain, compounded by overcapacity in Europe."

Secondary producers are more important in lead than almost any other metal—accounting for more than 40 per cent of production. Their share



grew steadily throughout the 1960s and 1970s on the back of the relentless expansion of demand for vehicles. Every vehicle needed a lead battery and every battery had to be scrapped every few years.

It was widely forecast that, buoyed by rising prices, the secondary producers' share of the lead market would continue to grow to perhaps 50 per cent, as the increase in vehicle sales in developing countries encouraged the building of more recovery plants.

But the recession of 1980-81 brought a fall in lead consumption from which the market has not yet recovered. Consumption in non-Socialist countries last year was 3.9m tonnes against 4.2m in 1979.

Secondary production had to bear the brunt, falling from 1.9m tonnes in 1979 to 1.8m tonnes last year. The flow of lead from mines and primary smelters was virtually unchanged at about 2.5m tonnes, in spite of the fall in prices. This was because a high proportion of the metal—about two-thirds of western world production—is produced from ores containing other metals, principally zinc and silver. The big exception is the US, where lead is mainly mined on its own and mine output has fallen markedly.

The ILZSG comments that rising levels of zinc and silver production, in Canada, Mexico, Australia and elsewhere, will result in "involuntary" lead production regardless of the state of the lead market.

Some lead mines may close, particularly in the lead-only Missouri lead belt in the US. But new mixed-ore mines could well take their place — among them the large Red Dog zinc-lead mine which the Canadian Cominco group is developing in Alaska. The ILZSG says that future trends in zinc and silver prices will be a decisive factor in new developments.

This bodes ill for secondary producers. They had a rather larger share of the market in 1984 and 1985 than they might have expected, because of reductions in mine output in the US and in Australia, because of strikes, and in Canada. But in 1986, mine production is expected to recover.

The long-term picture looks no better. Since 1960 lead prices have fallen in real terms by more than 30 per cent in US dollars. Only copper among base metals has declined more sharply. Zinc prices, by contrast, have actually risen by about 10 per cent.

Underlying this decline in lead prices is the fall in consumption. In virtually every market except vehicle batteries lead consumption has fallen sharply particularly in the US, where environmental controls on uses of lead have been introduced most rapidly.

In piping, cable-sheathing, paints and petrol additives, lead has lost markets. As a result, the battery industry has increased its share of total lead consumption from 49 per cent to 56 per cent. Rising vehicle production has more than offset the effects of improvements in battery manufacture which have cut the amount of lead in each battery and prolonged battery life.

Mr Stephen Briggs, metals analyst with Shearson Lehman Brothers, says that with the relentless expansion of the automobile population, the replacement battery market will increasingly underpin overall lead demand.

The ILZSG concludes that consumption is likely to stay static or grow by 1 per cent a year at best to the end of the decade, when it will still be below the 1979 peak. With reserve capacity well above consumption there is likely to be continuing downward pressure on prices, it says.

For secondary producers this can only mean further cuts. The reductions are likely to hit small companies hardest, since economies of scale favour large integrated groups like Cookson. Mr Halliwell says that the company's Newcastle-upon-Tyne smelter is, in itself, unprofitable, but it makes money on processing the lead into a finished product such as roofing materials.

However, poor lead prices are a problem not only for the lead industry. Unwanted scrap batteries containing a poisonous mix of lead and acid are being dumped in rivers and by the roadside. The pollution they could cause is potentially quite serious. Mr Halliwell says: "This is a problem for all of us. Not just this country but the whole of Europe and the US."

LONDON MARKETS

TRADERS on the London Metal Exchange reported strong buying by producers behind an increase in nickel prices. Three-month metal touched a high of £2,710 a tonne before falling back to close at £2,707.5, up £45 on the day. Copper and aluminium both closed a little higher on the day in generally quiet trading. Zinc was also up, following this week's round of producer price increases amid strong buying from the trade. The market was reassured by April turnover figures which appeared to show that the worst effects of the tin crisis may be over. Meanwhile sugar prices were sharply down, giving up the gains made earlier in the week amid fears that the Soviet nuclear power station accident might damage the Russian crop. Coffee and cocoa were firm in generally quiet trading.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	753-5	+5.5	760/760
3 months	754-5	+6.0	757/747

Official closing (am): Cash 760-0.5 (758-8.5); three months 748-8.5 (748-0); settlement 760.5 (758.5). Final Kerb close: 754-5. Turnover: 15,650 tonnes.

COPPER

Higher grade	Unofficial close	+ or —	High/low
Cash	938-8	+51.0	937/950
3 months*	944.5-5	+16.5	946/934

* Grade "A"

Official closing (am): Cash 936-7 (924-4.5); three months 942.5-3.5 (935.5-6); settlement 937 (924.5). Final Kerb close: 945.5-6.

Cathodes			
Cash	928-30	+17.0	927/927
3 months*	937-8	+17.0	—

* Standard

Official closing (am): Cash 927-0 (919-21); three months 936-8 (928-30); settlement 928 (921). Turnover: 26,475 tonnes. US Producer prices 65.60-72.00 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	243-3.5	+4.75	244/241.5
3 months	247.75-8	+5.05	245/245

Official closing (am): Cash 242-2.5 (237.5-8); three months 247-7.5 (244-4.5); settlement 242.5 (238). Final Kerb close: 246-7. Turnover: 3,275 tonnes. US Spot: 18.75-20.00 cents per pound.

TIN

KUALA LUMPUR TIN MARKET: Close 14.59 (14.59) ringgit per kg. Kuala Lumpur not open today.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	2660-5	+52.5	2665/2650
3 months	2705-10	+46.0	2718/2660

Official closing (am): Cash 2,630-5 (2,615-25); three months 2,685-90 (2,670-80); settlement 2,635 (2,625). Final Kerb close: 2,695-80. Turnover: 1,248 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	464.5-5.5	+11.0	455/403
3 months	468.5-5	+8.0	467/450

Official closing (am): Cash 456-6.5 (444-5); three months 463-4 (454-5); settlement 455.5 (445). Final Kerb close: 466.5-7. Turnover: 13,675 tonnes. US Prime Western: 33.00-33.75 cents per pound.

GOLD

Gold fell $⅝ an ounce from Thursday's close in the London bullion market yesterday to finish at $345-345½. The metal opened at $345⅝-345⅞ and traded between a high of $346-346½ and a low of $344½-345. Trading was extremely dull and featureless ahead of the economic summit this weekend in Tokyo.

GOLD BULLION (fine ounce)	May 1	
Close	$340 346⅛	(£65¼-585¼)
Opening	$340¼-345⅝	(£624½-520)
M'n'g fix	$340.00	(£294.034)
Aft'n'n fix	$345.10	(£220.285)

GOLD AND PLATINUM COINS		
Kr'g'rnd.	$346½ 347	(£220½ 220¾)
½ Krug.	$180½-181¼	(£116 118¾)
¼ Krug.	$92-93¼	(£60¼ 61¼)
1/10 Krug.	$37¼-38	(£24¼ 24½)
Mapleleaf	$355¼ 350¼	(£232½ 232¾)
Angel	$350¼-357¾	(£256½ 255¾)
1/10 Angel	$35 40	(£26¼-26¼)
New Sov.	$82 83½	(£53½ 54)
Old Sov.	$87½ 88	(£57¼-58¼)
$20 Eagle	$430-470	(£281 307½)
NobloPlat	$432½-437½	(£229¾-286)

SILVER

Silver was fixed 1.75p an ounce higher for spot delivery in the London bullion market yesterday at 332.25p. US cent equivalents of the fixing levels were: spot 511c, up 0.25c; three-month 518.95c, up 0.1c; six-month 527c, up 0.25c; and 12-month 543.75c, up 0.05c. The metal opened at 331½-335p (513-515c) and closed at 335-336½p (513-515c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	332.25p	+1.75	334.0p	+0.5
3 months	340.25p	+1.75	346.75p	+6.75
6 months	347.65p	+1.80	—	—
12 months	362.10p	+1.85	—	—

LME—Turnover: 29 (1) lots of 10,000 oz.

Cash high 334.5p, low 330p; three months high 343p, low 341p, final Kerb 342-4p.

MEAT

Pigmeat prices eased slightly caused by a slightly weaker physical market, reports Eastern Capital-CCST.

PIGMEAT Month	Y'days close	+ or —	BEEF Y'days close	+ or —
May	—	—	180.00	+1.00
June	101.20	+0.20	188.50	—2.00
July	101.50	—0.20	185.00	—5.00
Aug	101.20	—0.60	181.50	+0.50
Sep	100.00	—0.20	160.50	+1.10

Pigmeat sales: 28 (51) lots of 50 carcases, 3,250 kg.

Beef sales: 11 (3) lots of 20 sides.

MEAT COMMISSION — Average fatstock prices at representative markets. GB—Cattle 99.15p per kg lw (+0.01). GB—Sheep 277.42p per kg est dcw (+7.30). GB—Pigs 79.68p per kg lw (+0.10).

INDICES

REUTERS

May 1	April 30	M'th ago	Year ago
1795.1	1786.4	1819.0	1895.0

(Base: September 18 1931=100)

DOW JONES

Dow Jones	April 30	April 29	Month ago	Year ago
Spot	128.22	192.43	—	117.27
Fut.	126.44	135.30	—	121.79

(Base: December 31 1931=100)

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

	May 1 1986	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1550/520	—5	$1285/306
Copper			
Cash h Grade	£938.5	+51	£971.0
3 mths	£944.75	+16.5	£994.20
Gold Troy oz	$345.25	—0.75	$533.60
Lead Cash	£243.25	+4.75	£251
3 mths	£247.85	+5.05	£258.70
Nickel			
Free Mkt	185/203c	......	178/198c
Palladium oz	$110.65	+0.95	$106.00
Platinum oz	$401.30	+5.75	$407.00
Quicksilver †	$280/250	......	$280/255
Silver troy oz	332.25p	+1.75	353.25p
3 months	340.20p	+1.75	309.65p
Tin			
free mkt	£3650/700	......	£5600/800
Tungsten	$62.07	......	$65.21
Wolfram 22.4lb	$45/55	......	$48/55
Zinc	£465	+11	£445.5
3 months	£458.75	+8	£400.20
producers	$700/730	......	$650/670
OILS			
Coconut (Phil)	$280x	+25	$305
Palm Malayan	$250z	......	$289
Copra Phil	‡	......	$190
Soyabean (U.S.)	$101x	......	$158
GRAINS			
Barley Fut.Sept.	£98.70	—0.25	£98.10
Maize	£144.00	......	£142.50
Wheat Fut July.	£118.75	—0.25	£110.50
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. July	£1510.0	+10	£1394.5
Coffee Ft. July	£2267	+19.5	£2345.5
Cotton A Ind.*	45.75c	—0.05	49.96c
Gas Oil June	$136.70	+3.25	$126.0
Rubber (kilo)	54.50p	......	56.5p
Sugar (raw)	$217.5x	+5.0	$205
Wooltops 64s	419p kilo	......	415p kilo

‡ Unquoted. † Per 75 lb flask. c Cents a pound. v May. y April-May. w June. x May-June. z July. * Cotton Outlook.

COCOA

With much of the trade absent for May Day, futures attracted only light interest and remained in a narrow range, reports Gill and Duffus.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
May	1308-1300	+5.0	1305-1289
July	1310-1311	+10.0	1318-1300
Sept.	1535-1535	+10.0	1535-1522
Dec.	1364-1566	+10.0	1588-1553
March	1595-1394	+10.5	1394 1381
May	1411-1414	+18.0	1415-1396
July	1421-1427	+0.5	—

Sales: 3,122 (2,796) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for May 1: 87.83 (88.09). Five-day average for May 2: 88.57 (89.24).

COFFEE

London opened as due, about £20 lower but in thin conditions values recovered slowly on mixed commission house and trade buying. Weaker sterling and light physical offtake pushed levels slowly higher in the afternoon, reports Drexel Burnham Lambert.

COFFEE	Yesterday Close	+ or —	Business Done
May	2202-2205	+24.0	2205-2169
July	2265-2269	+16.5	2270 2221
Sept.	2327-2331	+21.5	2329-2288
Nov.	2375-2390	+29.0	2378-2325
Jan	2405-2415	+10.0	2408-2370
Mar.	2430-2435	+25.0	2425-2390
May	2445-2455	+20.0	

Sales: 3,214 (5,798) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for April 30: Comp. daily 1979 192.06 (195.60); 15-day average 191.95 (191.67).

SOYABEAN MEAL

Prices were mixed with heavy option liquidation against good commercial buying in active conditions, reports Muirpace.

	Latest close £ per tonne	+ or —	Business Done
June	126.0-126.5	+0.15	130.0-125.5
August	124.9-125.5	+0.90	126.0-125.0
October	125.4-125.7	+0.50	—
Dec.	128.0-127.8	—0.20	—
Feb.	128.6-129.7	+0.65	129.0
Apr.	130.5-131.0	+0.25	—
June	129.0-132.0	+0.50	—

Sales: 487 (184) lots of 20 tonnes.

GRAINS

Business done: Wheat: May 117.50-7.45, July 117.00-6.50, Sept 100.00-99.70, Nov 102.80-2.30, Jan 105.80-5.40, March 108.55-8.25. Sales: 277 lots of 100 tonnes. Barley: May 113.25-2.00, Sept 99.05-8.65, Nov 102.25-1.80, Jan 105.00, March 108.25-7.70. Sales: 105 lots of 100 tonnes.

WHEAT Mnth	Yesterday close	+ or —	BARLEY Yesterday close	+ or —
May	117.40	—0.45	113.25	—0.50
July	110.70	—0.25	—	—
Sept	99.50	—0.45	98.70	—0.25
Nov	102.50	—0.50	101.80	—0.45
Jan	100.40	—0.55	105.00	—0.45
Mar	108.85	—0.45	107.70	—0.50

NGCA — Locational ex-farm spot prices. Feed barley: S. East 113.30, S. West 113.30, W. Mids 110.70, N. West 112.70. The UK Monetary Coefficient for the week beginning Monday May 5 (based on HGCA calculations using five days' exchange rates) is expected to be unchanged.

Old crop wheat eased 50p before rallying on merchant profit-taking. May barley firmed on firmer skipper support and closed on the highs. New crops found merchant selling throughout the day which absorbed all commission house buying interest, reports T. G. Roddick.

LONDON GRAINS—Wheat: EEC first-half May 137.75. English feed fob Sept 101.50. Oct/Dec 105.75, Jan/Mar 111.75, Apr/June 115.75, sellers. Maize: US No. 3 Yellow, French transhipment, East Coast, first-half May 144.00. Barley: English feed fob spot 115.50-117.50, May 116.50-112.50, buyer-seller, Oct/Dec 106.00, Jan/Mar 111.00, buyer.

SUGAR

LONDON DAILY PRICE—Raw sugar $217.50 (£141.50), up $5.50 (up £4.00) a tonne for May-June delivery. White sugar $230.00, up $2.00.

The market eased back although support was apparent around $200, bears October, reports C. Czarnikow.

No. 6 Contract	Yesterday close	Previous close	Business done
	$ per tonne F.O.B.		
Aug	195.2 198.8	205.4-204.0	206.4-194.3
Oct	190.4 199.0	206.2 206.8	206.0-178.0
Dec	201.0 203.0	208.4-214.0	—
Mar	204.4 204.0	210.6 212.5	210.4-204.8
May	208.0-209.2	214.8-217.0	211.2
Aug	215.0-215.8	218.5-222.0	220.0
Oct	212.0-217.0	—	225.5

Sales: 4,333 (5,321) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £247.50 (£242.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for April 30: Daily price 8.63 (8.24); 15-day average 8.12 (8.14).

No. 4 cif contract 210.0-7.0, —8.5; Oct 208.0-17.0, —11.7. Sales: 66 lots of 50 tonnes.

OIL

In thin trading late-May Ninian sold at $12.65 and June Brent at around $12.15. June WTI opened 16c up on the Nymex and traded on the upside all morning to gain a further 17c by 12.30 pm EST. The petroleum products markets was barely traded so most European companies took a break for May Day. Naphtha prices rose slightly on strong short-term demand—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	—	—
Arab Heavy	—	—
Dubai	9.90-10.10*	+0.10
Brent Blend	12.00-12.30	+0.325
W.T.I. (1pm est)	15.55-15.75*	—0.10
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	158-160	—
Gas Oil	154 158	+1.5
Heavy fuel oil	54-56	—1
Naphtha	127-126	+2

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Latest Close $ US per tonne	+ or —	Business Done
May	153.50	+2.25	150.50 48.50
June	130.70	+3.25	138.75 31.00
July	130.50	+5.00	130.00 26.00
Aug	128.00	+2.00	128.00-24.00
Sep	128.00	+0.75	128.00-24.75
Oct	126.00	—1.00	127.00 26.00
Nov	127.50	—0.20	

Turnover: 4,393 (4,489) lots of 100 tonnes.

US MARKETS

PRECIOUS METALS lost ground on fears that Soviet gold sales are hanging over the market, reports Heinold Commodities. Copper traded up to resistance levels in thin volume, but the market gave back some of its gains towards the close. Cocoa traded down to its lows early in the session under pressure from a stronger dollar against sterling, but recovered ground on scale-down manufacturer buying. Coffee lost ground initially on carry-over selling from Wednesday but the trend reversed once industry and trade support emerged and the market closed slightly up. Sugar dropped to limit-down as trade and commission houses liquidated their long positions to take profits following the gains of the previous two days but prices recovered some ground later. The energy complex remained steady, with talks of a shut-down of Soviet nuclear plants and diversion of oil from export to fuel-burning. Heavy farmer selling overnight and widespread profit-taking by commission houses and locals weighed on soyabean futures, coupled with ideas that the nuclear mishap in the Soviet Union was not so bad as had been thought.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	54.65	55.00	55.00	54.00
June	54.45	—	—	54.05
July	54.25	55.10	54.00	54.15
Sept	54.10	53.75	53.75	53.95
Dec	54.25	—	—	54.05
Jan	54.25	—	—	54.10
March	54.25	—	—	54.10
May	54.30	—	—	54.15
July	54.35	—	—	54.20
Sept	54.40	—	—	54.25

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	1750	1750	1716	1734
July	1812	1815	1773	1798
Sept	1866	1870	1833	1860
Dec	1918	1920	1885	1914
March	1956	1942	1923	1952
May	1985	1985	1965	1980
July	2009	—	—	2040
Sept	2050	—	—	2040

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
May	230.30	234.25	227.75	229.07
July	234.50	238.75	231.75	233.27
Sept	239.00	243.10	236.75	239.26
Dec	243.48	246.75	240.10	243.38
March	246.00	248.50	244.00	245.95
May	248.00	250.00	248.00	247.38
July	250.00	—	—	249.75
Sept	251.50	—	—	250.60

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	62.10	62.90	62.05	62.25
June	62.25	62.85	62.85	62.40
July	62.60	63.25	62.40	62.65
Sept	62.80	63.45	62.70	62.95
Dec	63.10	63.80	63.00	63.25
Jan	63.20	—	—	63.35
March	63.40	63.90	63.65	63.55
May	63.65	64.00	63.95	63.80
July	63.90	64.05	64.05	64.05
Sept	64.15	64.80	64.80	64.30

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	66.07	66.90	66.00	66.80
July	65.87	66.50	65.32	66.87
Oct	37.60	38.91	37.60	38.83
Dec	37.73	38.50	37.50	38.10
March	38.62	39.65	38.65	39.90
May	39.40	40.30	39.60	30.70
July	40.05	—	—	41.35
Oct	40.65	—	—	41.85

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	High	Low	Prev
June	13.70	13.90	13.50	13.34
July	13.36	13.58	13.12	13.04
Aug	13.12	13.30	12.87	12.81
Sept	13.10	13.25	12.93	12.76
Oct	13.10	13.21	12.96	12.78
Nov	13.50	13.20	12.99	12.79
Dec	13.16	13.20	13.00	12.82
Jan	13.00	13.15	12.95	12.82
Feb	13.00	13.10	13.05	12.82
March	13.00	13.00	13.00	12.82

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	341.1	—	—	346.2
June	342.6	348.4	340.5	348.1
July	344.4	—	—	349.4
August	345.6	351.5	343.5	351.2
Oct	349.0	353.7	348.5	354.4
Dec	352.3	358.0	350.0	357.7
Feb	356.0	—	—	361.4
April	359.3	—	—	364.7
June	362.0	—	—	368.3
August	366.0	370.2	366.0	372.2
Oct	370.6	—	—	376.0
Dec	374.0	371.5	371.5	380.0
Feb	378.5	384.2	384.2	384.2

SPOT PRICES—Chicago loose lard 11.00 (10.50) cents per pound. Handy and Harman silver bullion 512.0 (510.0) cents per troy ounce.

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
June	40.50	41.50	40.05	39.88
July	38.80	38.75	38.70	38.58
Aug	39.10	39.85	38.80	38.63
Sept	39.90	40.50	39.75	39.23
Oct	40.45	41.10	40.40	39.83
Nov	41.15	41.30	41.15	40.48
Dec	41.70	42.20	41.85	41.08
Jan	42.30	42.50	42.20	41.33
Feb	42.50	43.00	42.50	41.28

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	94.85	95.75	93.10	92.75
July	93.75	94.80	93.40	93.45
Sept	91.70	91.30	91.30	91.30
Nov	91.70	92.00	91.30	91.15
Jan	91.75	92.00	91.70	91.70
March	92.25	92.65	92.50	92.35
May	92.75	—	—	92.75
July	93.25	—	—	93.25
Sept	93.25	—	—	93.25

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	404.8	—	—	416.3
June	405.5	—	—	420.0
July	408.2	426.5	402.0	420.8
Oct	409.8	429.5	407.0	424.0
Jan	412.8	300.0	410.0	427.3
April	415.8	434.5	415.0	430.3
July	435.0	—	—	431.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	510.0	518.0	508.0	512.7
June	512.9	516.0	513.0	515.5
July	516.0	523.5	511.0	518.0
Sept	522.2	528.0	518.0	525.2
Dec	531.3	537.0	527.0	534.2
Jan	534.5	—	—	537.4
March	540.6	545.0	537.0	543.4
May	546.9	551.5	548.0	549.5
July	553.5	—	—	556.1
Sept	560.4	—	—	562.9

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
July	8.75	9.19	8.55	8.24
Sept	8.85	9.10	8.80	9.20
Oct	8.89	9.29	8.74	8.24
Jan	9.00	9.05	8.90	9.14
March	9.18	9.50	9.05	9.43
May	9.34	9.60	9.30	9.59
July	9.48	9.75	9.45	9.76
Sept	9.56	—	—	9.84
Oct	9.78	—	—	9.80

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	56.50	57.20	56.00	57.20
Aug	53.35	54.25	53.07	54.57
Oct	52.82	53.85	52.70	54.05
Dec	54.30	55.47	54.25	55.65
Feb	54.40	55.35	54.05	55.45
April	55.70	55.85	55.35	—

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	45.82	46.25	45.52	46.80
July	45.70	46.25	45.20	46.40
Aug	43.55	43.97	43.05	44.12
Dec	41.22	41.25	40.60	41.47
Feb	41.75	42.60	41.75	41.95
June	41.87	41.00	40.40	40.97
July	41.22	—	41.22	41.47

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	235.4	240.0	233.2	238.2
July	227.8	236.0	225.2	232.6
Sept	209.0	215.0	208.5	215.0
Dec	204.0	208.0	202.4	209.5
March	213.0	216.2	212.0	215.5
May	218.0	220.4	210.6	223.2
July	218.0	220.4	217.0	223.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	58.30	58.30	57.65	58.55
July	59.57	59.75	58.20	59.32
Aug	57.70	55.05	56.05	57.35
Feb	60.05	60.65	58.95	60.87
March	59.70	60.40	58.50	60.70
May	61.50	61.50	61.50	62.20

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	529.2	542.4	528.0	544.0
July	534.4	550.0	533.8	551.0
Aug	532.0	548.4	531.0	550.2
Sept	524.4	536.0	524.0	542.0
Nov	524.0	540.0	522.0	541.8
Jan	532.0	546.0	532.0	552.0
March	542.0	557.0	540.0	560.4
May	545.4	555.0	545.0	564.4
July	549.4	568.0	548.0	568.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
May	153.3	156.5	153.0	157.2
July	154.3	158.7	154.1	159.6
Aug	153.7	158.0	153.5	158.7
Sept	152.8	157.5	152.5	158.7
Oct	152.5	157.0	152.0	158.0
Dec	152.7	158.5	152.5	159.2
Jan	153.2	158.0	153.0	161.0
March	156.0	158.0	156.0	161.0
May	101.0	163.0	161.0	165.2

SOYABEAN OIL 60,000lb, cents/lb

	Close	High	Low	Prev
May	17.92	15.60	17.85	16.65
July	18.25	18.95	16.20	16.96
Aug	18.39	18.95	18.38	15.08
Sept	16.42	15.05	16.40	19.10
Oct	18.40	19.00	16.35	16.10
Dec	16.75	19.20	18.65	15.42
Jan	15.82	16.30	15.80	16.55
March	15.05	19.65	15.05	19.85
May	15.25	15.75	18.25	13.95

WHEAT 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
May	312.0	323.0	308.0	326.0
July	279.4	293.4	273.4	293.4
Sept	279.4	293.4	273.4	293.4
Dec	287.6	299.0	280.0	300.0
March	288.4	298.0	280.0	298.2
May	272.0	282.0	267.0	283.0

POTATOES

May opened steadier but eased back to close little changed. New crops opened generally lower, and fell in much quieter conditions than of late, reports Coley and Harper.

Sales: 414 (1,087) lots of 40 tonnes. Earlier—July 107.50, —0.30; Aug 82.50, —0.50; Sept 81.00, unchanged. Sales: 0 lots of 10 tonnes.

Month	Latest close £ per tonne	Previous close	Business done
May	170.00	169.80	173.50-169.00
Nov	86.70	93.50	94.50-91.80
Feb	103.00	105.50	—
Apr	124.80	128.00	126.00-121.29
May	134.50	157.30	155.00

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
July	651/658	006/000	038/640
Oct.	737/738	746/726	720/721
Jan.	730/745	745/742.5	730/740
April	795/821.5	795	790/760
July	680/710	—	070/700
Oct.	775/815	—	802/816
Jan.	760	—	750/220
BFI.	650.0	—	656.5

Turnover: 378 (379).

	Close	High/Low	Prev.
Tankem			
May	850/860	855/850	840/876
June	845/880	865/860	845/890
Sept.	980/1020	—	980/1000
BTI	022.5	—	621.0

Turnover: 38 (38).

RUBBER

PHYSICALS — Closing prices (buyers): spot 54.50p (same); June 52.50p (same); July 52.50p (same). The Kuala Lumpur fob price (Malaysian cents per kg): RSS No. 1 was — (195.0) and SMR 20 — (177.0).

FUTURES—Index 532, June 522-528, July-Sept 521-524, Oct-Dec 520-523, Jan-March 531-533, April-June 544-548, July-Sept 548-552. Sales: 68.

Ethanol plan

THE US Department of Agriculture is actively considering whether to provide ethanol producers with government maize stocks as a subsidy to help them weather stiffer competition from low oil prices.

Coffee rust

The Western Highlands province of Papua New Guinea has been placed under quarantine after the discovery of coffee rust on a plantation in the Baiyer River area, government officials said in Port Moresby.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar up in narrow trading

The dollar held on to overnight gains to finish on a stronger note in currency markets yesterday. It opened nearly four pfennigs up against the D-Mark, following short covering in very thin Far Eastern trading. However it remained in a very narrow band during the day with most centres in Europe and elsewhere closed for May Day celebrations.

There was also considerable reluctance to take out fresh positions ahead of this weekend's economic summit in Tokyo. The dollar's firmer trend was not seen as a permanent fixture and there was little lasting impact to comments made ahead of the meeting suggesting that the dollar had achieved its floor level. Japan may well hope for this but there has been little indication from US authorities that they wish to restrict any further downward movement in the dollar.

Wednesday's disappointing US trade figures tended to underline this. The US administration may well get its own way in pushing the yen still higher in order to reverse what has become an increasingly long line of mediocre to poor US economic statistics. Further evidence was seen yesterday with the release of US construction spending for March. This showed a 1.2 per cent decline compared with expectations of a 0.8 per cent rise.

The dollar closed at DM 2.2030 up from DM 2.1640 and Y169.80 compared with Y167.55. Against the Swiss franc it rose to SFr 1.8435 from SFr 1.8110 and FFr 7.0175 from FFr 6.8925. On Bank of England figures, the dollar's exchange rate index rose from 113.3 to 114.5.

STERLING — Trading range against the dollar in 1986 is 1.5555 to 1.3770. April average 1.4874. Exchange rate index 76.3, up from a low of 76.0 but down from 76.5, at the opening and Wednesday's close. The six months ago figure was 80.4.

Sterling followed the dollar's movements for much of the day but still finished slightly weaker overall. Trading was very quite with no new features to influence the market. Against the dollar it closed at $1.5295, down from $1.5510 on Wednesday. It was higher against the D-mark, however, at DM 3.37 from DM 3.3575 and SFr 2.82 from SFr 2.81. It rose against the French franc to FFr 10.7350 from FFr 10.69 but eased in terms of the yen to Y259¾ from Y259½.

JAPANESE YEN — Trading range against the dollar in 1986 is 202.70 to 167.15. April average 175.05. Exchange rate index 201.1 against 172.2 six months ago.

The yen was a little weaker against the dollar in Tokyo in thin pre-summit trading. There was much speculation as to what the outcome of the talks would be. Comments from the president of the West German Bundesbank stressing that he did not wish to see the dollar fall any further against the D-mark added to the dollar's attraction. However underlying sentiment remained bearish.

The dollar closed at Y169.40 compared with Y168.75 in New York and Y168.10 in Tokyo on Wednesday. The yen's depreciation was probably only temporary according to most dealers with this weekend's summit likely to call for a further yen appreciation. A desire to push the yen firmer highlight's concern in the US with Japan's increasing trade surplus and a continuing rise in the US trade deficit. Elsewhere the D-mark eased to Y76.88 from Y77.11.

£ IN NEW YORK

May 1	Latest	Prev. close
£ Spot	$1.5320-1.5330	$1.5555-1.5570
1 month	0.02-0.60pm	0.61-0.60pm
3 months	1.58-1.59pm	1.55-1.58pm
12 months	3.75-3.60pm	3.72-3.65pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

May 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5245-1.5390	1.5290-1.5300	0.54-0.51c pm	4.12	1.40-1.35pm	3.60
Canada	2.1018-2.1187	2.1045-2.1075	0.40-0.29c pm	1.97	0.83-0.67pm	1.42
Nethlnd.	3.78½-3.81½	3.79-3.80	1⅛-1⅛c pm	0.34	4⅛-4⅛pm	4.01
Belgium	68.55-69.09	68.60-68.70	16-10c pm	2.27	42-38pm	2.79
Denmark	12.43-12.55	12.45-12.46	4⅞-3⅞ore pm	4.70	11⅞-10⅞pm	3.46
Ireland	1.1055-1.1117	1.1065-1.1085	0.05-0.75p dis	−1.06	par-0.20dis	−0.36
				0.48	4⅞-4⅞pm	0.72

CURRENCY MOVEMENTS

May 1	Bank of England Index	Morgan Guaranty Change %
Sterling	76.3	−15.5
U.S. dollar	114.2	+5.7
Canadian Dollar	78.8	−11.6
Austrian schilling	128.5	+7.9
Belgian franc	95.0	−7.1
Danish Krone	86.0	−1.3
Deutsche mark	130.0	+14.8
Swiss franc	157.5	+10.5

FINANCIAL FUTURES

US bonds weak

US Treasury bond prices were weaker in yesterday's London International Financial Futures Exchange yesterday. Values were depressed to some extent by news of $9bn 30-year note auction next week. With the dollar and US interest rates falling, overseas funding of the US budget deficit has become less attractive and the market was afraid of suffering a severe bout of indigestion.

For June delivery the Treasury bond price opened at 100-06, down from 100-27, and finished only one tick above the day's low at 99-23. News of a 1.2 per cent fall in US construction spending compared with a revised 1.1 per cent rise in February and expectations of an 0.8 per cent improvement failed to have much impact. Proximity of a long weekend in the UK and the economic summit in Tokyo combined to keep participation to a minimum.

Long gilt prices were generally weaker in line with US bonds, opening at 127-07 for June delivery and touching a high of 127-14 before closing at 126-26, down from 127-19 on Wednesday.

Three-month sterling deposits were also lower in quiet trading. Cash rates were a little higher where changed and this promoted the June price to finish at 90.28 down from an opening of 90.36 and 90.42 on Wednesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
116	10.52	11.45	—	—	0.00	0.43	—	—
118	8.53	10.02	—	—	0.01	1.00	—	—
120	6.55	8.31	—	—	0.03	1.29	—	—
122	4.63	7.04	—	—	0.11	2.02	—	—
124	3.15	5.51	—	—	0.31	2.49	—	—
126	1.60	4.43	—	—	1.06	3.41	—	—
128	0.64	3.45	—	—	2.12	4.43	—	—
130	0.28	2.56	—	—	3.40	5.54	—	—

Estimated volume total, Calls 850, Puts 236
Previous day's open int. Calls 9,785, Puts 3,419

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike price	Calls—Last June	Sept	Dec	Mar	Puts—Last June	Sept	Dec	Mar
92	7.47	7.60	—	—	0.01	0.64	—	—
94	5.51	6.29	—	—	0.05	1.33	—	—
96	3.63	5.09	—	—	0.17	2.13	—	—
98	2.28	3.64	—	—	0.46	3.04	—	—
100	1.19	3.02	—	—	1.37	4.06	—	—
102	0.37	2.15	—	—	2.55	5.20	—	—
104	0.14	1.40	—	—	4.32	6.44	—	—
106	0.04	1.10	—	—	6.22	8.14	—	—

Estimated volume total, Calls 312, Puts 121
Previous day's open int. Calls 1,747, Puts 1,213

MONEY MARKETS

UK rates show little change

Interest rates were barely changed in London yesterday in very quiet and featureless trading. Proximity of the long weekend and the economic summit in Tokyo were sufficient to keep participation to a minimum. Three-month interbank money finished at 10⅝-10½ per cent compared with 10⅝-10⅝ per cent while the overnight rate eased to 5 per cent, having opened at 11-11½ per cent and touching a high of 12 per cent.

The Bank of England forecast a shortage of around £900m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £780m and the unwinding of previous sale and repurchase agreements a further £186m. There was also a rise in the note circulation of £65m and banks brought forward balances £135m below target. These were partly offset by Exchequer transactions which added £185m. To help alleviate the shortage, the Bank offered an early round of assistance which totalled £460m and comprised outright purchases of £1m of eligible bank bills in band 1 at 10⅞ per cent and £104m in band 2 at 10¾ per cent. In band 3 it bought £2m of Treasury bills, £2m of local authority bills and £272m of eligible bank bills all at 10⅛ per cent. In band 4 it bought £9m of Treasury bills and £60m of eligible bank bills at 10⅛ per cent.

The Bank revised its forecast to a shortage of around £850m before taking into account its early help and gave additional assistance in the morning of £284m. This comprised outright purchases of £17m of eligible bank bills in band 1 at 10⅞ per cent and £250m in band 2 at 10¾ per cent. In band 3 it bought £4m of Treasury bills at 10⅝ per cent and £13m of eligible bank bills in band 4 at 10⅝ per cent. In the afternoon the authorities gave further help of £40m through purchases of eligible bank bills in band 2 at 10⅝ per cent. Total help came to £774m.

UK clearing bank base lending rate 10½ per cent since April 21

Company Notices

INTERCOM
Societe Intercommunale Belge de Gaz et d'Electricite
Société Anonyme

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of the shareholders will be held on Friday 16th May 1986 at 11 am at the registered office of the Company, place du Trône 1, Brussels, Belgium.

AGENDA
(1) To receive the reports of the Board of Directors, the "Collège des Commissaires" and the Company's Auditor.
(2) To approve the balance sheet, the results account, and the appropriation of results for the financial year ended December 31 1985.
(3) To grant discharge to the Directors, the "Commissaires" and the Company's Auditor (in accordance with article 79 of the Belgian Companies Act).
(4) To elect Directors.
(5) To elect an Auditor and fix his emoluments.

Note:
Holders of shares entitled and wishing to attend or be represented at the meeting should, at least six days before the day fixed for the meeting, deposit a certificate of their holding by an authorised depositary at one of the following banks:
—MIDLAND BANK plc, International Private Banking, Westwood House, 13 Stanhope Gate, Mayfair, London W1Y
—BANQUE BELGE LIMITED 4 Bishopsgate, London EC2
—BANQUE PARIBAS 33 Throgmorton Street, London EC2
—BARING BROTHERS AND CO LIMITED 88 Leadenhall Street, London EC2
—HILL SAMUEL AND CO LIMITED 100 Wood Street, London EC2
Thereupon an admission card will be issued to them.
A member of the Company entitled to attend and vote may appoint a proxy or proxies to attend, and on a poll to vote, in his stead. Such proxy must be a member.
Copies of the accounts and the reports in French (and summaries in English) for 1985 may be obtained from the above-mentioned banking establishments.

SOCIETE GENERALE
$ US 50.000.000 FLOATING RATE NOTES DUE 1991

For the three months, April 21, 1986 to July 21, 1986, the rate of interest has been fixed at 6 3/4 % P.A.

The interest due on July 21, 1986 against coupon nr 28 will be $ US 17.06 and has been computed on the actual number of days elapsed (91) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
15, Avenue Emile Reuter
LUXEMBOURG

THE SCOTTISH AGRICULTURAL SECURITIES CORPORATION p.l.c.
7¾% Debenture Stock, 1990/92
Notice is hereby given that the REGISTERS of the CORPORATIONS above mentioned Debenture Stock will be CLOSED for TRANSFER and REGISTRATION from 19th to 30th May, 1986, both days inclusive.
By Order of the Board, H. J. McTurk, Secretary. 48, Palmerston Place, Edinburgh, EH12 5BR.
2nd May, 1986.

Legal Notices

IN THE MATTER OF MOUNTROSE TRADING COMPANY LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named company, which is being voluntarily wound up, are required, on or before the 6th day of June, 1986, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned KEITH DAVID GOODMAN, FCA, of 30 Eastbourne Terrace, London W2 6LF the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated this 22nd day of April 1986.
K. D. GOODMAN, Liquidator
This Notice is purely formal. All known creditors have been or will be paid in full.

Clubs

$ WORLD VALUE OF THE DOLLAR

BANK OF AMERICA NT & SA, ECONOMICS DEPARTMENT, LONDON

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, April 30, 1986. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified cases.

Bank of America, Economics Dept., E.M.E.A. London
Eurodollar Libor as of April 30 at 11.00 a.m.
3 months: 6⅞ 6 months: 6⅞

All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions. Bank of America NT & SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT & SA nor the Financial Times assume responsibility for errors.

ECU=$US.982716 SDR1=$US1.16769
Sibor as of April 30 at 11.00 a.m.
3 months: 6⅞ 6 months: 6⅞

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

LEISURE

INDUSTRIALS—Continued

1986 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
145	82	Midland Marts	145	+13	4.0	2.1	3.9	17.3
79½	61	Mitchell Cotts	64		4.25	1.5	9.4	9.0
109	81	Monks & Crane 10p	102		R2.7	2.7	3.7	14.0
310	210	Morgan Crucible	302xd	−8	8.5	♦	4.0	♦
23	15½	Morris (W) F.A. 20p	22	+½	g0.3	♦	3.2	♦
139	96	Moss (Robt.) 10p	132		♦3.0	2.7	3.2	14.2
100	65	Myson Grp 10p	92		2.63	2.6	4.1	11.7
365	259	NMW Computers	335	+5	6.0	3.0	0.9	19.3
40	27	Nash Inds.	28	−2	0.3	—	2.5	—
28	16	Neil & Spencer 10p	18		—	—	—	5.4
36	28	Newman Inds 10p	30		0.8	♦	3.3	♦
65	50	Nolton	54		0.95	5.9	2.5	7.7
132	96	Norank Systems 5p	132	+6	u3.0	♦	3.2	♦
263	187	Norcros	253	+8	18.6	2.0	4.0	13.8
69	49	Nu-Swift 5p	68		13.0	1.9	6.2	11.0
118	80	Oakwood Grp	110		5.0	1.3	6.4	15.3
250	203	Office & Elect	245	−5	8.5	♦	5.0	♦
102	70	Oldacre 20p	85		14.0	2.6	6.6	7.5
36	24	Optometrics $0.01	24		w02c	2.1	6.5	8.0
700	500	Oriflame £1	700xd		24.5	♦	0.2	♦
10	8	Overstone 12½c	9		g03.23c	1.9	11.6	4.5
£275	£228	Ozalid 9pc Cnv 87-92	£270		Q9%	—	13.4	—
100	90	PCT Grp 10p	98	−5	3.2	1.2	7.3	22.1
620½	950	PLM 'B' Sk 25	£14¼		Q22.2%	0.3	4.5	—
164	114	PSM Intl	162		5.5	♦	4.9	♦
255	167	Pacer Systems $0.01	210	−27	Lu0.84c	3.4	1.3	23.4
78	58	Pacific Sales 10p	58		3.0	1.2	7.3	15.8
283	225	Park Place 10p	248		16.25	1.9	3.5	20.8
425	246	Parker Knoll 'A'	415		19.5	2.9	3.2	15.1
500	208	Parkfield Group 5p	500	+5	12.4	2.4	0.7	83.6
53	30	Paxton Intl.	38	−2	—	—	—	—
£130	£92	Do 11pc CvLn '94-02	£101	−1	Q11%	—	11.1	—
503	399	Pearson	455	−8	10.0	2.8	3.1	15.2
21	12	Peek Holdings 7p	21		—	—	—	—
130	88	Peerless	125		6.3	—	7.1	—
605	283	Pentland 10p	605		1.5	♦	0.3	♦
£14	775	Photo-Me	£11¼		15.08	8.3	0.6	

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INSURANCES

LEISURE

PROPERTY

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
42	26	Anglo Utd Dev	32				
80	45	Colby Res Corp	45	−3			
300	200	Cons. Murch 10c	210		s40c	3.9	‡
34	28	Emess Int. Ir10p	28		—	—	—
101	70	Greenwich Res	92	+4			
143	93	Hampton Areas 10p	112	−3	3.75	0.9	4.5
245	165	Highwood Res	235	+10	—	—	—
£19¼	£14	Homestake Mining $1	£14½		020c	—	0.9
310	160	McFinley Red Lake	195		—	—	—
285	210	Musto Explorations	215	+5	—	—	—
51	40	New Sabina Res C$1	42	+1	—	—	—
260	210	Northgate C$1	230		—	—	—
790	513	RTZ	677	−10	22.0	2.0	4.7
£164	£115	Do 9⅛pcLn '95-2000	£144	−1½	Q9⅛%	15.5	6.7
950	800	Tara Expln $1	875		—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast
- ♦ Merger bid or reorganisation in progress
- ♦ Not comparable
- ▲ Same interim; reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- ‖ No par value

B Fr Belgian Francs. Fr French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1986. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. Y Figures assumed. Z Dividend total to date.

REGIONAL & IRISH STOCKS

"Recent Issues" and "Rights" Page 42 (International Edition Page 40)

LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Apr 14	Apr 24	Apr 25	May 6
Apr 28	May 8	May 9	May 19
May 12	May 29	May 30	June 9

* "New-time" dealings may take place from 8.30 am two business days earlier.

Equities blown off course by record Wall Street slide

Equities were blown violently off course yesterday when London encountered the shock waves of Wednesday's worst-ever fall on Wall Street. The scene initially was very unsettled with sentiment affected also by the Prudential call for fresh funds via a £357m rights issue. Prices of many blue chips were slashed at the start of business to deter potential sellers and the move soon met with a measure of success.

Leading shares began to rally as institutional bargain-hunters appeared and the FT-SE 100 share index, within a space of 45 minutes, halved an early loss of over 32 points. Later however, dealers ran into sharp bouts of selling from short-term traders who were exercising caution over Wall Street. Many thought that the US market could retreat further and took the opportunity to close outstanding bull commitments.

An air of pessimism returned, which militated against new investment, and throughout the later morning and early afternoon business the market traded uneasily. It perked up a little just before the opening of Wall Street but started to falter when the Dow Jones index resumed Wednesday's slide. Within minutes the US measure was 10 points lower and values here slowly followed the trend.

Just before the official 3.30 pm close, the scene changed again and numerous leading stocks reduced their earlier substantial losses on indications of an attempted Wall Street recovery. The upshot was that the FT-SE index closed a net 20.4 down at 1640.1, while the FT Ordinary share index, after having touched 1361.2, ended 20.9 lower on the day at 1374.0.

American influences also contributed to a dull session in Government securities. Longer-dated stocks went lower in unison with the US bond market and settled with falls ranging to ¾. No weight of selling was reported but buyers were few and much of the day's business involved switching operations between various maturities. Index-linked Gilts were caught up in the malaise and recorded fresh losses extending to ¾.

First-time dealings in the £100m issues of Land Securities 10 per cent 2025 provided some relief to the Prior Charge market. In £25-paid form, the stock touched 26 before closing at 25¾.

Prudential fall

Prudential opened sharply lower at 855p on news of the proposed £357m rights issue and soon slipped further to 848p before rallying to close 27 down on balance at 865p. Other Life Insurances gave ground in sympathy, but they too finished above the lowest levels of the day. Legal and General touched 745p and closed 13 easier at 755p, while Equity and Law softened a few pence to 240p, after 238p. Composites gave a drab performance apart from London United which firmed 10 more to 410p after comment on the bumper preliminary results. GRE fell 13 to 930p and Royals cheapened 7 at 917p, after 909p. Lloyds Broker Minet moved between extremes of 254p and 247p before closing unaltered at 252p following details of the record half-year profits.

Debfor Holdings, a lingerie manufacturer and importer, made a successful debut in the Unlisted Securities Market. After opening at 140p, the shares moved higher to close at 151p compared with the placing price of 130p.

Brickhouse Dudley, a rising market of late, featured Buildings with a fresh jump of 18 to 130p on news of a bid approach. Roberts Adlard, meanwhile, the recipient of a takeover approach on Wednesday, gained 25 more for a two-day advance of 50 at 230p. Helical Bar, well supported of late on asset injection hopes, recovered from an initial dull level of 168p to close 12 dearer on balance at 188p on news of the annual profits recovery. Bellway responded to half-year trading news with a rise of 13 at 176p, but Blue Circle lost 10 more to 700p after recent comment on the preliminary figures.

ICI typified the general dull trend; opening sharply lower at 915p before rallying in the absence of selling to finish only 5 easier on balance at 927p.

Marked sharply lower at the outset, leading Stores attracted "cheap" buyers and finally showed scant alteration on balance. Marks and Spencer, due to reveal preliminary figures next Thursday, opened at 205p but rallied to the overnight level of 212p. Burton settled only a couple of pence off at 314p, after 306p. Secondary Stores proved to be surprisingly resilient. Aquascutum A advanced 6 to 76p amid revived speculative support with Goldsmiths hardening 4 more to 218p. DAKS Simpson rose 10 to 360p in response to the interim figures. In contrast, profit-taking left Cantors A 12 cheaper at 150p, while losses of 8 were common to John Menzies, 315p, and Lee Cooper, 175p.

Leading Electricals contributed to the malaise. Plessey fell 8 at 234p and BICC relinquished 7 at 343p. British Telecom continued to reflect Mercury Communications competition worries and dropped 6 at 236p, while GEC cheapened 4 to 206p despite news of a lucrative US army defence contract for its Marconi subsidiary. STC, which on Wednesday announced the £32m sale of IAL to BT, retreated to 152p on fading bid hopes before closing 6 lower on balance at 156p. Elsewhere, BSR attracted renewed speculative support fuelled by rumours of a possible bid from Amstrad and ended 8 to the good at 138p; Amstrad lost 7 at 520p. Takeover speculation also spurred MK at 400p, up 12, while MMT Computing advanced 20 to 245p in reply to the bumper interim profits. Continental Microwave, still drawing strength from recent Press comment, jumped 33 afresh to 278p.

Leading Engineers followed the general trend. Hawker settled 14 lower at 595p, while GKN, 340p, and Vickers, 488p, lost 10 and 12 respectively. Despite the general malaise, secondary issues recorded several good spots. APV, awaiting bid developments, advanced 11 to 546p. Pegler Hattersley advanced to 623p before settling 28 higher at 618p on the profits and dividend forecast contained in its defence document rejecting the offer from F. H. Tomkins. Late speculative demand left Habit Precision 7 to the good at 82p, while favourable Press mention prompted a gain of 3 to 86p in Benold. In contrast, Frederick Cooper, a good market of late, encountered profit-taking and lost 5 at 112p following the proposed acquisition of Henderson Stainless Steel, a private company.

Beecham down afresh

Rowntree Mackintosh confounded the general market trend and raced ahead to close 19 firmer at a year's best of 537p following persistent and sizeable overseas support, most of which was thought to have originated in the US, as a prelude to a full-scale bid. Other food issues were initially marked down and showed little signs of a rally. Tate and Lyle settled 7 off at 608p on further consideration of the disappointing interim profits and the offer for S. and W. Berisford. The latter fell 6 more to 244p. Hotels provided a firm feature in Grand Metropolitan which jumped 20 to 413p reflecting a bear squeeze.

Leading miscellaneous sustained widespread losses, but final quotations were usually above the day's worst. Beecham were prominent again, falling to 385p before settling 12 down on the day at 388p. Glaxo finished 17 lower at 968p and Hanson reacted 6 to 176p, but Boots settled only 3 cheaper on balance at 264p, after having touched 259p at one stage. Metal Box fell 10 to 445p and Pilkington 8 to 452p. Elsewhere, Associated Heat featured a rise of 47 at 437p, after 500p, on news of the agreed offer from Compagnie Generale de Chauffe. Bunting Associated, helped by comment on the preliminary figures, put on 10 more to 310p, while the recovery in annual profits left Trefefes 4 dearer at 90p. Ropner, which announced its results earlier in the week, encountered support, the ordinary rising 10 to 151p and the "A" 6 to 138p. A flurry of speculative activity left Peter Black 18 higher at 213p, but takeover chestnut Christie's International fell 12 to 343p. British Aerospace closed 9 lower at 548p, after 540p, while Morgan Crucible came back 8 to 302p, after the previous day's bout of speculative activity. Dealings were temporarily suspended in Coin Industries at 95p pending an announcement.

Jaguar, supported earlier in the week following the Government's ADR tax amendment, dipped to 463p initially, but later rallied to 476p — a net decline of 8.

Textiles were marked lower across a broad front. Courtaulds closed 5 cheaper at 271p, while Parkland "A" eased 7 to 135p. Don Brothers Buist fell 12 to 120p. Ireland's Sunbeam Wolsey reacted 10 to 90p as the company stated that it knew of no reason for the recent strength of its shares.

Financials highlighted Aitken Hume which advanced 14 to 149p, after 152p, as the recent boardroom upheavals stimulated revived bid speculation. Mercantile House, supported of late amid fresh chatter of an imminent bid from the US, eased 11 to 344p.

I C Gas lower

Leading Oils held up well in the face of the widespread losses in other equity sectors. LASMO attracted persistent small selling in an unwilling market and showed a 10 fall at 110p, while Ultramar lost 4 to 183p despite news that Mr Ron Brierley's IEP Securities has increased its stake to 7.4 per cent. Burmah were marked down to 354p at the outset but subsequently improved sharply to close a couple of pence harder at 368p on further buying prompted by a recent rerating of the company. IC Gas continued to reflect fading bid hopes and dropped 15 more to 375p—a two-day loss of 35. In the secondary issues Petranol fell away to 64p before closing a net 7 cheaper at 68p following the board's rejection of the all-paper bid from Inoco; the latter dipped 4 to 37p.

Tozer Kemsley and Millbourn, strongly bought recently amid hopes that Mr Ron Brierley will use the company as a vehicle for further expansion in the UK, met scattered profit-taking and closed 14 off at 163p—still up 23 so far this week; Kenning eased 7 to 261p in sympathy. Other Overseas Traders were subdued, although Lonrho dipped 6 more to 239p reflecting the continued absence of takeover developments.

Sentiment in South African sectors of mining markets took a turn for the better. Modest buying interest from Johannesburg and London arrested the recent slide in prices and Golds responded with small-scale improvements across the board. Buying interest in the sector was evenly spread but gains were most pronounced in the cheaper priced issues where rises of around 10 or so were common to Bracken, 223p, Grootvlei, 224p, Blyvoor, 324p and Western Areas, 203p. The Gold Mines Index responded with a 6.7 rise to 250.9. Bullion remained a quiet market and eventually settled 75 cents easier at $345.25 an ounce.

In Australians, Bond Corporation featured with a 13 jump to 183p following strong demand in overnight domestic markets. Mines did little more than mark time.

Traded Options

Despite the shake-out in many of the underlying securities, Traded Options began the new month on a bright note with 23,584 contracts transacted. As on Wednesday, interest was mainly directed towards Hanson Trust and British Telecom which attracted 2,857 and 2,503 calls respectively. A lively and evenly-balanced business developed in Boots with 1,861 calls and 1,141 puts struck.

TRADITIONAL OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 21	May 2	July 24	Aug 4
May 6	May 16	Aug 7	Aug 18
May 19	June 6	Aug 28	Sept 8

For rate indications see end of Unit Trust Service

Stocks favoured for the call included George Wimpey, Associated British Engineering, Abaco Investments, Harris Queensway, Bridon, ASDA-MFI, Sycamore, Sutcliffe Speakman, Mercantile House, Wellcome, North Kalgurli, Bestair, Sound Diffusion, Eglinton Oil and Gas and Berkeley and Hay Hill. A put was taken out in Underwoods, but no doubles were reported.

FINANCIAL TIMES STOCK INDICES

	May 1	Apr. 30	Apr. 29	Apr. 28	April 25	April 24	year ago
Government Secs	93.09	93.36	93.39	93.33	93.34	93.32	81.06
Fixed Interest	96.69	97.18	96.82	96.75	96.77	96.90	85.68
Ordinary ♥	1374.0	1394.9	1391.2	1365.3	1357.9	1348.0	989.9
Gold Mines	250.9	244.2	247.8	253.7	257.9	264.8	465.4
Ord. Div. Yield	3.94	3.88	3.89	3.95	3.96	3.98	4.61
Earnings, Yld. % (full)	9.86	9.66	9.62	9.70	9.83	9.90	11.58
P/E Ratio (net) (*)	12.40	12.68	12.74	12.52	12.47	12.32	10.52
Total bargains (Est.)	35,982	35,588	29,070	33,022	31,031	30,125	23,452
Equity turnover £m.	—	732.52	752.85	564.99	806.53	982.41	447.58
Equity bargains	—	20,768	26,955	27,587	32,067	30,683	21,522
Shares traded (m)	—	325.8	310.5	233.4	340.0	346.0	194.5

♥ Opening 1367.6. 10 am 1374.4. 11 am 1373.5. Noon 1368.5. 1 pm 1367.2. 2 pm 1367.5. 3 pm 1370.2. 4 pm 1372.4. Day's High 1379.1. Day's Low 1361.2. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. * Nil = 11.97.

HIGHS AND LOWS	1986 High	1986 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	97.51 (22/4)	86.55 (23/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1495.9 (5/4)	1094.3 (14/1)	1495.9 (5/4/86)	49.4 (26/6/40)
Gold Mines	357.0 (27/1)	244.2 (30/4)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY	Apr. 30	Apr. 29
Daily Gilt Edged Bargains	139.9	187.0
Equities Bargains	173.4	187.0
Equities Value	1494.8	1521.7
5-day Average Gilt Edged Bargains	151.1	157.9
Equities Bargains	189.3	189.3
Equities Value	1515.3	1641.5

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (93)

BRITISH FUNDS (1) Treasury 8¼pc 1984-86. COMMONWEALTH AND AFRICAN LOANS (2) NZ 7¼pc 1988-92, Do. 7¼pc 1983-86. FOREIGN BONDS (1) Hydro Quebec 15pc 2011. AMERICANS (1) Time Inc. BANKS (1) Bank of Ireland. [illegible]

LEISURE (1) Pineapple Dance. MOTORS (3) Gates (F. G.), Glanfield Lawrence, Perry Group. NEWSPAPERS (1) News Intl. Spec. Div. PAPER (5) FKB, Ferguson Industrl., Gold Greenlees Trott, Shandwick, Wight Collins RS. PROPERTY (7) Asda Propy, Estates Propy. Inv., Gable House, London Shop Prop. 9¼pc Cv. Ln. 1999-2004, Trafford Park, Trencherwood, York Mount. TEXTILES (1) Early's of Witney. TRUSTS (10) F. & C. Eurotrust, Glasgow Stockholders, Rorento NV, SPLIT Inc. [illegible]

NEW LOWS (35)

[illegible]

RISES AND FALLS YESTERDAY

[illegible]

YESTERDAY'S ACTIVE STOCKS

[illegible]

WEDNESDAY'S ACTIVE STOCKS

[illegible]

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

[illegible]

FIXED INTEREST

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

LONDON TRADED OPTIONS

[illegible]

مكتبة الأهل

WORLD STOCK MARKETS

AUSTRIA

Apr. 30	Price Sch.	+ or —
Credit'stalt op...	2,310	+50
Goesser	3,400	—150
Interunfall	14,750	- 430
Jungbunzlauer	20,000	+100
Laenderbank	2,300	+50
Perlmooser	750	+20
Steyr-Daimler	101	—10
Veitscher Mag.	11,190	......

BELGIUM/LUXEMBOURG

Apr. 30	Price Frs.	+ or —
B.B.L.	3,195	—25
Banq. Gen. Lux	15,600	......
Banq. Int. A. Lux	10,200	—50
Bekaert	15,850	+50
Ciment CBR	4,000	—100
Cockerill	148	—3
Delhaize	11,650	+400
EBES	4,800	......
Electrobel	15,100	+75
Fabrique Nat.	2,450	......
GB Inno BM	7,350	+140
GBL (Brux)	3,240	+10
Generale Bank	6,490	—110
Gevaert	0,260	—40
Hoboken	7,400	—100

GERMANY

April 30	Price Dm.	+ or —
AEG	551	+2
Allianz Vers	2,716	—55
BASF	510.5	+1.5
Bayer	511.2	—0.5
Bayern Hypo	675	—9
Bayer-Verein	631	+0
BHF-Bank	556	—11
BMW	370	+3
Brown Boveri	320	—4.3
Commerzbank	350.0	—3
Cont. Gummi	245.5	—0.5
Daimler-Benz	1,493	—4
Degussa	490	—10
D'sche Babcock	318	—1
Deutsche Bank	881	—6.5
Dresdner Bank	488xr	—1.3
GHH	251	—2
Henkel	430.3	—1
Hochtief	926	—85
Hoechst	303xr	—1
Hoesch Werke	193.6	+0.1
Holzmann (P.)	641	......
Horten	910	+9
Hussel	321	+1
Karstadt	354	—8
Kaufhof	486	—4
KHD	283	—2

NORWAY

SPAIN

SWEDEN

ITALY

NETHERLANDS

SWITZERLAND

AUSTRALIA

AUSTRALIA (continued)

HONG KONG

JAPAN (continued)

JAPAN

SINGAPORE

SOUTH AFRICA

DENMARK

FRANCE

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Danish Kroner.

CANADA

TORONTO
Prices at 2.30pm
May 1

MONTREAL
Closing prices April 30

Total Sales 3,753,107 shares

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

TORONTO	May 1	April 30	April 29	April 28	1985/86 High	1985/86 Low
Metals & Minls	2,119.9*	2,117.5	2,175.5	2,187.4	2,442.85 (21/3/86)	2,867.1 (2/1)
Composite	3,072.8*	3,078.2	3,116.2	3,126.4	3,129.11 (16/4/86)	2,754.0 (17/2)
MONTREAL Portfolio	1,574.72*	1,575.22	1,581.24	1,611.21	1,623.33 (16/4/86)	1,386.6 (22/1)

* Indicates pre-close figure

** Saturday April 26: Japan Nikkei 15,707.3. TSE 1,246.32.

OVER-THE-COUNTER
Nasdaq national market, 2.30pm prices

Continued from Page 43

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES

APV	546	+11
Aitken Hume	149	+14
Ass Heat Servs.	487	+47
BSR Intl.	138	+ 8
Bellway	176	+13
Black (P.)	213	+16
Boosey & Hawk	200	+20
Brickhse. Dudley	130	+16
Grand Met	413	+20
Holical Bar	188	+12
MNT Computing	245	+20
Pegler-Hatt	616	+26
Roberts Adlard	230	+25
Rowntree Mack	537	+19

FALLS

Tr. 9% 1992–96	£102	—¾
Tr. 2½% IL 16	£99¾	—¾
Babcock	179	— 6
Beecham	388	—12
British Telecom	236	— 6
Cantors A	150	—12
Imp. Cont. Gas	375	—15
Lasmo	110	—10
Lonrho	239	— 6
Mercant House	344	—11
Petranol	68	— 7
Plessey	234	— 6
Prudential	865	—27
STC	156	— 6
Sunbeam Wolsey	90	—10
Tozer Kemsley	163	—14

Prices at 3pm, May 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
24	16¾	AAR s	.44	2.9	36	61	22¼	38	22⅛	-⅛
20½	11½	AFG s			18	593	26½	24⅝	24⅞	-⅛
26⅝	12¾	AGS			17	62	22⅝	22¼	22½	+¼
15	9⅞	AMCA				26	12¾	12⅝	12¾	+¼
60⅝	37½	AMR			12	2843	58¾	57⅞	58⅝	+¾
25¾	18⅝	AMR pf	2.18	8.6		11	25⅝	25⅜	25⅜	-⅛
16¾	10⅝	APX			14	66	15¾	15⅛	15½	-⅜
53⅝	32¾	ASA	2a	5.5		206	36¾	20	36⅛	-½
18⅝	10½	AVX			22	1561	14⅝	14⅛	14¼	-⅛
32	22½	AZP	2.72	9.8	1	1434	27⅞	25⅞	27⅛	-⅜
61⅞	49½	AbtLab	1.68	2.8	21	1518	86⅝	84⅝	86	-¼
45⅞	24¾	AbtLb wi				11	43½	43	43½	-½
31⅞	19⅝	AccoWd	.20	1.1	21	161	29	28⅛	29	-⅜
24¾	10	AcmeC	.40	3.1		217	13	12¾	12⅞	-¼
9¼	2	AcmeE	.32b	3.9	20	17	8¼	8⅛	8¼	-⅛
20	16⅝	AdaEx	1.90e	9.1		61	16¾	19⅝	19⅝	
20	14	AdmMl	.40	1.5	12	64	26½	26	26¼	-⅜
20⅝	8⅞	AdvSys	.83t	4.8	18	61	17⅛	17⅛	17⅛	-½
32⅞	22⅛	AMD				2924	20⅛	20	20	+½
12⅝	6¼	Adobe s				66	8¾	8⅝	8¾	+¼
16⅝	14⅝	Adob pf	1.84	11.		32	16⅝	16¼	16¼	+⅛
20¼	15¼	Adob pf	2.40	13.		7	19⅝	19⅛	19⅛	-¼
16⅝	8⅛	Advest	.12a	.7	13	489	17⅛	16⅞	17½	+⅛
66¼	41⅞	AetnLf	2.64	4.4	11	4476	60½	38	60	-⅜
57½	52⅛	AetL pf	4.97e	9.2		23	53⅞	53⅞	53⅞	+⅛
69¼	29	Ahmns	1.38	2.3	7	2552	60⅝	58	60	-1⅛
4¾	2⅛	Aileen			75	0	3⅛	3¼	3¼	
83⅝	47⅛	AirPrd	1.46	1.9	16	510	79⅝	78⅝	79½	-⅛
27¾	17½	AirbFrt	.60	2.8	10	69	22½	21¾	21¾	-⅜
2⅛	⅜	AlMoarl	.50c			29	½	15-32	½	+1-32
10¼	7¼	AlaP dpf	.87	3.9		29	9⅞	9¾	9¾	-⅛
101	66⅞	AlaP pf	8.16	8.2		z60	99	98	99	-1
90¾	68½	AlaP pf	8.28	9.4		z110	88	88	88	-¾
26⅝	15¼	AlskAir	.16	.8	12	413	18⅞	18½	19⅝	-⅛
25	7⅛	Albrto s	.21	1.0	38	150	21	20¾	20⅞	-⅜
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge Prev. Close

Continued from Page 42

[illegible]

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
72¼	44⅞	Xerox	3	5.1	14	5323	60⅛	58⅞	59⅝	−⅜
56¼	52	Xerox pf	5.45	9.4		40	57⅞	57⅝	57⅞	+¼
28¾	20⅝	XTRA	.64	2.6	20	65	24⅞	24½	24½	−⅝
17	13½	Yorkin n				410	14½	14	14½	+¼
37	26¼	ZaleCp	1.32	4.0	13	126	34	33¼	33⅜	−½
14¾	3½	Zapata	.03j			227	4¼	4⅛	4⅛	
80	43⅝	Zayre s	.64	.9	22	1691	73½	71¾	72⅞	−1⅜
29⅞	16¼	ZenithE				612	27⅞	27⅛	27½	−⅛
36⅝	15½	ZenLbs	.10	.3	22	858	33½	31⅝	32¾	−½
22⅝	13¾	Zero s	.28	1.4		44	20¼	20⅛	20¼	
45⅞	28¾	Zurn	1.32	3.2	15	186	41⅞	41¼	41⅜	−⅝

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

AMEX COMPOSITE PRICES

Prices at 3pm, May 1

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng

[illegible]

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

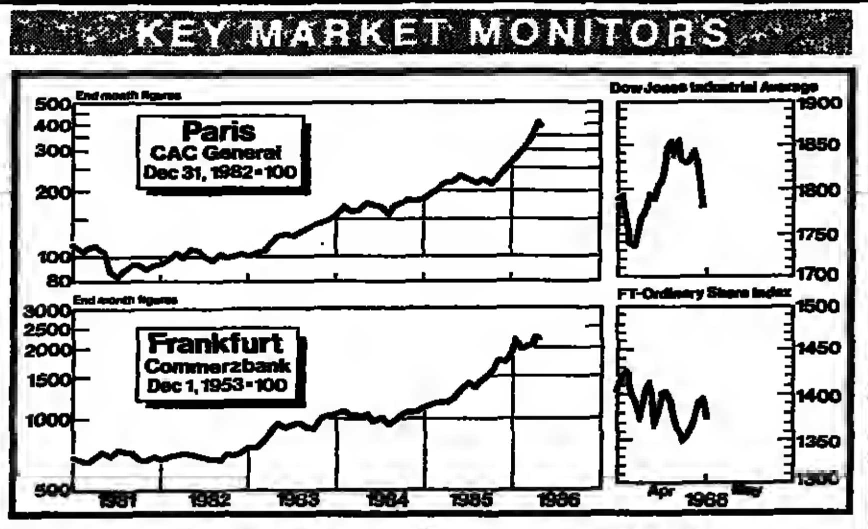
Stock	Sales (Hnds)	High	Low	Last	Chng

[illegible]

Continued on Page 41

FINANCIAL TIMES
WORLD STOCK MARKETS

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	May 1	Previous	Year ago
DJ Industrials	1,781.99*	1,783.98	1,242.05
DJ Transport	794.16*	792.20	571.08
DJ Utilities	179.86*	179.63	153.01
S&P Composite	234.38*	235.52	178.37
LONDON			
FT Ord	1,374.0	1,394.9	989.9
FT-SE 100	1,640.1	1,660.5	1,301.5
FT-A All-share	807.46	816.4	629.68
FT-A 500	885.12	895.48	691.11
FT Gold mines	250.9	244.2	485.4
FT-A Long gilt	8.94	8.89	10.60
TOKYO			
Nikkei	15,782.65	15,825.50	12,456.60
Tokyo SE	1,246.40	1,251.88	986.72
AUSTRALIA			
All Ord.	1,212.9	1,210.8	874.1
Metals & Mins.	518.8	517.7	559.6
AUSTRIA			
Credit Aktien	closed	128.12	81.28
BELGIUM			
Belgian SE	closed	3,598.36	2,219.54
CANADA			
Toronto			
Metals & Minls	2,119.9*	2,117.5	1,991.0
Composite	3,072.8*	3,078.2	2,626.3
Montreal			
Portfolio	1,574.72*	1,575.22	129.32
DENMARK			
SE	240.95	241.47	187.84
FRANCE			
CAC Gen	closed	387.2	215.4
Ind. Tendance	closed	145.1	76.0
HONG KONG			
Hang Seng	1,848.65	1,836.99	1,516.73
ITALY			
Banca Comm.	closed	756.04	281.51
NETHERLANDS			
ANP-CBS Gen	265.6	267.0	211.0
ANP-CBS Ind	253.7	254.4	171.2
NORWAY			
Oslo SE	closed	335.97	325.69
SINGAPORE			
Straits Times	closed	570.2	791.81
SOUTH AFRICA			
JSE Golds	–	1,146.3	1,037.5
JSE Industrials	–	1,089.5	894.8
SPAIN			
Madrid SE	closed	180.43	80.57
SWITZERLAND			
Swiss Bank Ind	closed	587.4	424.2
WORLD	April 30	Prev	Year ago
MS Capital Int'l	317.5	320.6	202.2

Corporate	May 1 Price	May 1 Yield	Prev Price	Prev Yield
AT & T				
3⅞ July 1990	88⅞	7.00	88⅞	7.0
SCBT South Central				
10⅞ Jan 1993	107	7.61	107	7.61
Phibro-Sal				
8 April 1996	98⅞	8.15	98⅞	8.15
TRW				
8¾ March 1996	103⅞	8.25	103⅞	8.25
Arco				
9⅞ March 2016	106½	9.25	106¼	9.25
General Motors				
8⅛ April 2018	94⅛	8.68	94¼	8.66
Citicorp				
9⅞ March 2018	99¾	9.50	99¾	9.5

Source: Salomon Brothers

CURRENCIES

(London)	US DOLLAR May 1	US DOLLAR Previous	STERLING May 1	STERLING Previous
$	–	–	1.5295	1.551
DM	2.203	2.164	3.37	3.3575
Yen	169.6	167.55	259.5	259.75
FFr	7.0175	6.8925	10.735	10.69
SFr	1.8435	1.811	2.82	2.81
Guilder	2.482	2.441	3.795	3.785
Lira	1,510.5	1,489.5	2,310.0	2,310.25
BFr	44.9	44.15	68.65	68.46
C$	1.3775	1.3745	2.106	2.131

INTEREST RATES

Euro-currencies (3-month offered rate)	May 1	Prev
£	10⅝	10⅝
SFr	4⅝	4⅝
DM	4⅝	4⅝
FFr	7⅝	7¾
FT London Interbank fixing (offered rate)		
3-month US$	6⅞	6⅞
6-month US$	6⅞	6⅞
US Fed Funds	6⅞*	6 15/16
US 3-month CDs	6.5*	6.5
US 3-month T-bills	6.095*	6.085

US BONDS

Treasury	May 1* Price	May 1* Yield	Prev Price	Prev Yield
6⅞ 1988	99 23/32	6.829	99 23/32	6.829
7¼ 1993	100 6/32	7.282	100 28/32	7.258
8¾ 1996	109⅛	7.422	110⅜	7.362
9¼ 2018	120⅝	7.533	121⅜	7.46

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	Return index	May 1* Day's change	Yield	Day's change
1–30	151.79	–0.24	7.4	+0.03
1–10	143.8	–0.06	7.24	+0.03
1–3	134.87	+0.00	7.0	+0.01
3–5	145.86	–0.12	7.38	+0.03
15–30	180.44	–0.84	7.94	+0.05

Source: Merrill Lynch

COMMODITIES

(London)	May 1	Prev
Silver (spot fixing)	332.25p	330.50p
Copper (cash)	£938.50	£917.50
Coffee (May)	£2,203.50	£2,178.50
Oil (Brent blend)	$12.70	$12.375

GOLD (per ounce)

	May 1	Prev
London	$345.25	$346.00
Zürich	$345.75	$343.75
Paris (fixing)	$346.88	$346.88
Luxembourg	$344.50	$344.50
New York (June)	$342.80	$348.15

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
US Treasury Bonds (CBT)				
8% 32nds of 100%				
June	99–24	100–29	99–18	100–24
US Treasury Bills (IMM)				
$1m points of 100%				
June	94.06	94.11	94.05	94.11
Certificates of Deposit (IMM)				
$1m points of 100%				
Sept	93.54	93.54	93.54	93.55
LONDON				
Three-month Eurodollar				
$1m points of 100%				
June	93.20	93.24	93.19	93.26
20-year Notional Gilt				
£50,000 32nds of 100%				
June	126–26	127–14	126–24	127–19

* Latest available figures

WALL STREET

Sentiment remains subdued

THE MOOD remained subdued on Wall Street yesterday after the record fall of the previous session, *writes Terry Byland in New York.*

Blue-chip issues rallied after a weak start, but, with the bond market in full retreat, investors were in a cautious mood.

By 3pm the Dow Jones industrial average was down 1.99 at 1,781.99.

The stock market settled into what appears to be its new, and lower, trading range, which is characterised by new uncertainty over interest rates, the pace of the economy and by lacklustre trading reports from US industry. Renewed firmness in the dollar is a doubtful benefit for US exporters.

Several well-respected analysts are believed to be taking a more cautious stance on equities. Merrill Lynch, the major retail broking firm, has increased the cash weighting of its model portfolio to 25 per cent trimming the proportion of common stocks from 40 per cent to 35 per cent.

Long-term bond yields jumped to 7.56 per cent ahead of the auctions next week of $27bn in Treasury securities – a larger burden than expected. While analysts believe that foreign demand will be forthcoming for the new US Treasury debt, few expect market rates to fall over the period.

The nuclear disaster in the Soviet Union has added new cause for uncertainty. Some market analysts suggest that both the dollar and US commodity prices will rise if the Chernobyl disaster forces Russia to buy grain on world markets.

Stocks in US utility groups steadied after two weak sessions, and in the bond markets there was a satisfactory outcome to the auction of $125m of first mortgage bonds by Atlantic City Electric. The bonds, resold by Morgan Stanley on a 9.02 per cent yield, were rated Double A3 by Moody's Investors Services and Double A Minus by Standard & Poor's.

Technology stocks steadied, helped by IBM, up 1⅛ at $157⅞. Digital Equipment edged up $½ to $177 while NCR added $¼ to $50⅞ and Control Data $⅛ to $23⅛.

Mixed changes in the Detroit car makers had American Motors $⅛ better at $4⅞ on a prospective deal with Chrysler which could take up some of American's excess production capacity. At $37⅛ Chrysler added $1.

Ford rose sharply, gaining $2⅞ to $78, but General Motors, still restrained by planned production cutbacks, moved sluggishly to gain $⅛ to $80⅞.

Airline stocks struggled to regain their footing after Wednesday's beating, which took 15 points off the Dow transportation average.

American Express improved by $½ to $58½. People Express, the discount carrier, eased $⅛ to $9⅞ after disclosing its latest trading loss.

Chemical and pharmaceutical issues looked nervous as the dollar's firmness cast a cloud over their overseas sales prospects. Monsanto fell $1⅛ to $60½ while Du Pont, unchanged at $76, had already discounted the board's plan to buy in stock.

Merck, the pharmaceutical industry's representative in the Dow average, plunged a further $1⅛ to $172⅞, but Pfizer edged up $⅛ to $59⅞.

SmithKline Beckman added $⅞ to $91⅛, still responding to its trading statement.

Further consideration of the trading news left Eastman Kodak down $⅛ at $57½ in heavy turnover. A higher dividend lifted Dart & Kraft by $½ to $51⅛.

But Greyhound, the financial services and passenger transport group, eased $⅞ to $34½ on lower profits.

The bond market showed no signs of recovering from initial losses which ranged to around a full point. In yet another spate of liquidity support, the Fed announced overnight system repurchases, but the federal funds rate remained above recent levels at 7⅛. Treasury-bill and other short-term rates, however, were unchanged.

LONDON

Equities blown off course

EQUITIES were blown violently off course in London yesterday in the wake of Wall Street's worst-ever fall. The scene was initially very unsettled with sentiment affected by insurer Prudential's call for fresh funds via a £357m rights issue and prices of many blue chips were slashed.

The FT Ordinary index finished 20.9 lower at 1,374.0 after touching 1,381 and the FT-SE 100 lost 20.4 to 1,640.1. The closing part of the session was buoyed slightly by Wall Street's determined attempt at recovery.

US influences also contributed to a dull session in gilts. Longs moved in tandem with the softer American bond market and finally closed with losses of up to ¾.

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AMSTERDAM suffered a small but widespread decline with particular unease among international stocks due to the overnight plunge on Wall Street and the absence of many foreign, notably West German, buyers due to the May Day holiday.

Royal Dutch lost Fl 2.10 to Fl 188.20 while Akzo, awaiting developments in its patents dispute, retreated Fl 1.50 to Fl 162.20. KLM dipped 80 cents to Fl 48.80 and Philips, at Fl 61.20, was 20 cents cheaper.

Among banks ABN moved ex-dividend and lost Fl 16 to Fl 560 as Amro gave up 80 cents to Fl 99.60.

The bond market saw falls of up to 40 basis points in very thin trading.

TOKYO

Trends in US bring downturn

A WAVE of selling depressed blue-chip and electric power issues in Tokyo yesterday, sending share prices lower for the first time in five trading days, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei stock average lost 42.85 to 15,782.65. Volume totalled 588m shares compared with Wednesday's 536m. Declines outran advances by 468 to 386, with 110 issues unchanged.

The poor performance came in reaction to rising long-term US interest rates and the record overnight drop on Wall Street.

Japanese investors, like their counterparts on Wall Street, were also unsettled by the Chernobyl nuclear power plant accident in the Soviet Union.

Blue chips fell almost across the board, despite buying toward the close. Toshiba, the most active stock with 34.02m shares changing hands, declined Y10 to Y437.

Hitachi, the second busiest issue with 32.67m shares traded, dropped Y24 to Y935. Mitsubishi Electric shed Y2 to Y368. NEC Y60 to Y1,560.

The Chernobyl accident dampened electric powers, with Tokyo Electric Power losing Y50 to 3,820 and Kansai Electric Power Y40 to Y2,370.

Issues which stand to benefit from domestic demand expansion came into the limelight, helped by the plans of the Government and ruling Liberal-Democratic Party (LDP) to transform Japan's export-dependent economy into one geared more to domestic demand for growth.

The dealer sections of major brokerage houses hunted these domestic demand-related issues to seek quick capital gains.

Oil issues firmed on a wide front on speculation that petroleum might be reappraised as an energy source in the wake of the Chernobyl disaster.

Nippon Oil gained Y10 to Y1,170, Nippon Mining Y13 to Y484 and Showa Shell Sekiyu Y60 to Y896.

Issues with hidden incentives fared well. Kanto Natural Gas Development, a major iodine maker, scored a daily limit gain of Y100 to Y1,080.

Bond prices moved in a narrow range, with investors becoming more cautious due to an overnight upturn in long-term US interest rates.

The yield on the benchmark 6.2 per cent government bond, maturing in July 1995, rose to 4.645 per cent from Wednesday's 4.595 per cent. Buying of the recently selected 5.1 per cent government bond due in March 1996 diminished, pushing its yield up to 4.880 per cent at one stage. Later, however, the yield fell to 4.810 per cent, unchanged from the previous day.

AUSTRALIA

AN INITIAL weakness was reversed in Sydney despite the severe overnight setback in New York and the All Ordinaries index edged 2.3 higher to 1,210.6.

BHP lost another 2 cents to A$7.34 pending developments in the takeover bid by Bell Resources, which firmed 2 cents to A$4.35. Elders IXL, which owns 19.9 per cent of BHP, eased 2 cents to A$4.33.

News Corp jumped 70 cents to A$19.90 after Mr Rupert Murdoch testified at a hearing into the status of two television stations News Corp owns.

HONG KONG

THE ANNOUNCEMENT that the flotation of Cathay Pacific had been hugely oversubscribed prompted a late buying surge that took Hong Kong higher.

The Hang Seng index climbed 11.66 to 1,848.65, equalling Monday's record, while the Hong Kong index rose 8.01 to 1,149.64.

Cathay's present shareholders ended mixed. Swire rose 10 cents to HK$13.40 while Hongkong Bank gave up 5 cents to HK$7.15.

SOUTH AFRICA

THE SLIGHTLY firmer gold sector was one of the few bright spots in Johannesburg trading, which was interrupted for 30 minutes due to a bomb alert at the exchange.

Driefontein advanced R2.25 to R52 although Buffels shed 50 cents to R65.50. Among other mines Rustenburg Platinum rose 25 cents to R31 and De Beers edged 5 cents higher to R22.80.

CANADA

THE DECLINE in Toronto, which started late on Wednesday, continued across the board.

Bell Canada retreated C$½ to C$39½ after reporting lower first-quarter earnings and a forecast for a drop in full-year profit.

Banks moved against the trend in a weaker Montreal